

**Constraints to Secure Livelihoods in the Informal Sector: the Case of Informal Enterprises  
in Delft South, Cape Town**

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## Abstract

Most people who work in developing cities, work in the informal sector. In South Africa's townships, many poor households rely on home-based informal economic activities as their primary source of livelihood. However, these livelihoods often face multiple constraints, and thus remain precarious. The main research question is: *What are the key constraints to securing informal livelihoods in Delft South?* The research employs the case study method to address this question. This dissertation engages with the lived realities of informal business operators in Delft South, Cape Town. Enterprise census data was analyzed and in-depth interviews with a selection of enterprise owners conducted. This provides a unique insight into the nature of the informal economy in Delft South and the way in which planning shapes current livelihoods. This case is located in previous research on home based work both in South Africa and internationally. This is with a view to informing more appropriate planning responses.

The findings indicate the high degree of saturation in Delft South's informal sector. As such, business competition is rife, and livelihoods are compromised. Also evident is that the informal operators of Delft South ply their trades in a regulatory environment oscillating between extremes of neglect and oppression. The permission granted to spaza shop and hair care enterprise operators to conduct their businesses is accompanied by little else in the way of support for business growth. Alternatively, the livelihoods of shebeen owners are under threat, as these enterprises are prohibited from operating in all residential areas of the settlement; and are instead forced to relocate to the high street. This is compounded by the closure to which they are subjected, owing to their exclusion from the framework of the Western Cape Liquor Act. Crime also emerges as a significant impediment to business growth, and its effects are experienced by most of the operators in Delft South. Notably, it distinguishes the working climate of the area's informal sector from those of many other developing contexts. Under the guidance of the enterprise operators, key state interventions are recommended in response. The study concludes by proposing an area-based management approach in which collective action among operators is promoted.

## List of acronyms

BAM	Business Area Management
BPK	Business Place eKapa
BSVP	Business Support Voucher Programme
CoCT	City of Cape Town
EGS	Cape Town Economic Growth Strategy
IHSSP	Cape Town Integrated Human Settlements Strategic Plan
CTSDf	Cape Town Spatial Development Framework
CTZS	Cape Town Zoning Scheme
DoL	Department of Labour
DTI	Department of Trade and Industry
EDD	Economic Development Department
FD	Fire Department
HBE	Home-Based Enterprise
ICLS	International Conference of Labour Statisticians
ILO	International Labour Organisation
ITPMF	Informal Trading Policy and Management Framework
IZS	Integrated Zoning Scheme
LAED	Local Area Economic Development
LUPO	Land Use Planning Ordinance
MBO	membership-based organization
MBOP	Membership Based Organizations of the Poor
NDP	National Development Plan
NPC	National Planning Commission
PBDM	Development Management
PGDS	Provincial Growth and Development Strategy
PGWC	Provincial Government of the Western Cape
RDP	Reconstruction and Development Programme
SAB	South African Breweries
SALGA	South African Local Government Association
SAPS	South African Police Service
SEWA	Self Employed Women's Association

SMMEs	Small, medium and micro enterprises
SPUD S	patial Planning and Urban Design
Stats SA	Statistics South Africa
VPUU	Violence Prevention through Urban Upgrading
WCGDF	Western Cape Growth and Development Framework
WCLA	Western Cape Liquor Act
PSDF	Western Cape Provincial Spatial Development Framework
WIEGO	Women in Informal Employment: Globalizing and Organizing

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## Chapter 1: Introduction

The informal sector plays a significant role in employment generation, particularly by way of providing a means of livelihood for those excluded from formal employment and business opportunities. As such, it provides a buffer zone between employment and unemployment. While it is of global significance, it is particularly important in developing world contexts; marked as they are by deep poverty. A significant reason for this is unemployment. The informal sector not only addresses this reality, but it also contributes towards the development of local economies. To this end, it provides incubation for the emergence of micro-enterprises through affording comparative as well as competitive advantages over formal (larger) businesses (Charman, Petersen and Piper, 2012b; Valodia, Davies, Altman and Thurlow, 2007; Wills, 2009). Likewise in South Africa, the informal sector assumes a vital part of almost every local economy.

In townships, the considerable demand for goods and services has resulted in the emergence of a township economy comprising mostly home-based informal micro-enterprises (Finscope Small Business Survey, cited in Charman and Petersen, forthcoming: 5). Although the scope and scale of these ventures continues to increase, many operators ply their trades in precarious working climates marked by multiple constraints to business growth (Charman et al., 2012b; Neves and Du Toit, 2012). Harrison, Todes and Watson (2008: 234) highlight the official “blind eye” usually turned to these survival strategies (often the most fragile). In addition, Watson (2011: 20) reflects on the difficulties of operating small businesses from home, with unsupportive housing policies which pay little heed to the home unit’s potential to facilitate income generation.

The requirement of integrated urban planning cannot be delivered if informal livelihood strategies are ignored (Charman, Petersen and Piper, 2012a, 2012b). As such, the informal sector deserves more recognition and support than it has been afforded to date. The importance of studies serving to document and acquire in-depth information on the processes of the informal sector has been expressed (Neves and Du Toit, 2012; Skinner, 2006). The imperative of urban planners in responding to the burgeoning informal sector in cities of the global South has also been cited (Dierwechter, 2002, 2004, 2006; Watson, 2011), given the role of spatial planning as a key profession that shapes the work environment of the informally employed (Watson, 2009a, 2009b, 2011).

In 2011, the Sustainable Livelihoods Foundation (SLF) conducted a census of micro-enterprises in Delft South. Delft South displays many known characteristics of South Africa's township economy. Situated on the outskirts of the City of Cape Town, informal economic activity is the predominant mode of income generation for most households in the area. This owes to high levels of unemployment. Moreover, most of this activity is carried out from the home (Charman, Petersen and Piper, 2013). The data generated by the SLF provides baseline information to inform a more in-depth analysis of constraints to growth within the informal sector.

Between the 1<sup>st</sup> and 10<sup>th</sup> of September 2014, I conducted semi-structured, one-on-one interviews with a carefully selected sample of 20 informal enterprise operators in Delft South. The enterprises owned by these operators were those representing the dominant subsectors of Delft South's informal sector; namely, spaza shops, alcohol retailers and hair care enterprises. Using case material from the area, the central question that this study seeks to explore is: *What are the key constraints to securing informal livelihoods in Delft South?* Related subsidiary questions are:

- What is the position of Delft South's home-based informal livelihoods vis-a-vis similar informal operators in the developing world?
- What are the implications of spatial location on the performance of informal enterprises in Delft South?
- What are the current impacts of state regulation on the informal sector of Delft South?
- What are the effects of the scale of Delft South's informal sector on the performance of individual enterprises?

This is with a view to establishing potential 'bottom-up', pro-poor and pro-livelihood planning approaches in Delft South.

The study draws from the perspectives of informal business operators in the area. It takes guidance from their suggestions in proposing strategies necessary to support and promote the growth of their enterprises. Moreover, it suggests a supportive policy environment necessary to increase the productivity of informal enterprises. In so doing, it contributes to the existing body of literature on the informal sector. The study also establishes an improved understanding of the role of planners in

supporting informal livelihoods in Delft South. Importantly, it provides useful lessons for planners engaging in similar contexts throughout South Africa and the developing world.

What the findings have revealed is that the large scale of Delft South's informal sector imposes a very real limit to growth for many enterprises. The many instances of similar enterprises all operating within close proximity to each other have resulted in a very competitive business environment; while markets have become saturated. Moreover, the prevalence of competition trumps the advantages otherwise gained from conducting business in locations experiencing increased foot traffic. This has had negative implications for the profitability of many enterprises. Whereas relationships with the state are minimal for some operators, they are troubled for others. Spaza shops and hair care enterprises need not apply for rezoning in order to operate their enterprises. Nevertheless, their freedom to conduct business has in turn limited further state engagements. On the other hand, shebeens are under siege. While land use zoning regulations under the CTZS threaten to decant them from residential areas and cluster them along the high street; liquor licence regulations under the Western Cape Liquor Act aim to shut them down altogether. The findings have also revealed crime to be a pervasive issue impinging on the livelihoods of many operators in Delft South.

## **Structure of the Dissertation**

Following this chapter is a review in Chapter 2 of relevant literature on the informal sector, both internationally and locally. This is useful in establishing a lens through which Delft South's informal sector will subsequently be understood. Chapter 3 sets out the qualitative research methods and techniques employed for data collection. The case study method, its suitability and limitations, are discussed. Following a similar discussion of the techniques utilized, the data analysis process is then explained. Chapter 4 provides a critical analysis of relevant national, provincial and local government legal and policy frameworks as they affect the informal sector. This is necessary for understanding the regulatory environment in which the township economy functions. Chapter 5 presents the fieldwork findings necessary to answer the research questions. This is aided by further analysis in relation to the understanding gained from the literature and policy reviews. Chapter 6 provides recommendations for supportive strategies which promote an environment conducive to securer informal livelihoods in Delft South. Finally, relevant areas for future research in this regard, are then suggested.

## Chapter 2: Literature Review

This chapter reviews literature on the informal sector. In so doing, it selects pertinent arguments to establish the lens through which the informal sector might subsequently be understood. The chapter is divided into eight sections. The first defines the informal sector, while the second provides the dominant perspectives framing its study. The third section sets out insights gleaned from the international performance of this sector, before turning to a review of existing evidence regarding home-based work in the fourth section. Constraints to growth are unpacked in the fifth section, followed by the experiences of organizing provided in the sixth. The seventh section reflects on the role of the planning discipline on informal livelihoods, before turning to an outline of remaining research gaps in the eighth.

### 2.1. Defining the informal sector

The earliest use of the term 'informal sector' is ascribed to Hart's (1973) interpretation of the urban labour markets of Accra, Ghana. Decades since this author employed the concept to describe the various livelihood activities of the poor; its exact meaning continues to be the subject of much scholarly debate and contestation (Amin, 1996; Peattie, 1980, 1987; Perera and Amin, 1993; Portes et.al., 1989; Potts, 2007; Thomas, 1995; Williams and Windebank, 1993). Whereas some approaches to defining the informal sector have placed emphasis on its compositional qualities and influences (Potts, 2007; Portes, 1995), others have opted for definitions stressing aspects which deviate from traditionally accepted understandings of formal activities (see Eapen, 2001: 2390). Similarly, Bromley's (1978) evaluation of the informal/formal classification of economic activities brings him to conclude that:

A particularly attractive approach is to classify enterprises on a continuum between two extreme and opposite poles, so as to emphasize intermediate categories and the processes of transition along the overall continuum.

(Bromley, 1978: 1034)

Nevertheless, statistical definitions have subsequently sought to facilitate general consensus as regards economic and official labour force data (Chen, 2012).

The informal sector is defined as:

[P]roduction and employment that takes place in unincorporated small or unregistered enterprises.

(Chen, 2012: 8)

This understanding corresponds with that provided by Statistics South Africa (Stats SA) (2004, cited in Skinner, 2006: 127); which further highlights that the said enterprises and their employees are unregistered for tax purposes and operate from informal arrangements such as homes and street pavements, rather than from formal business premises.

For Charmes (2000, cited in Ligthelm, 2005: 201), the informal sector also includes enterprises whose employees work for their own account. In addition, it subsumes enterprises of informal employers hiring workers on a continuous basis, below (in terms of number of jobs) thresholds set by national statistical practices of legislation (Charmes, 2000, cited in Ligthelm, 2005). As such, the 'informal sector' definition is enterprise-based; and takes into account taxation, labour legislation and numbers of people employed (Yu, 2012: 160). As regards the types of enterprises to be investigated in this study, the definition of the 'informal sector' assumes sufficient applicability; and will thus be the ambit within which this study will be subsequently located.

2003 saw the expansion of the 1993 informal sector definition by the ICLS. This was done with a view to emphasizing the nature of employment. Consequently, the new and broad-based definition of 2003 effectively subsumes various examples of informal employment operating outside the locus of informal enterprises. As Chen (2012: 7) notes, the new definition is effective in capturing:

[T]he whole of work-related informality, as it is manifested in industrialized, transition and developing economies and the real world dynamics in labour markets today, particularly the employment arrangements of the working poor.

The definition thus also facilitates further disaggregation of informal employment into self-employment and wage employment; the better to allow for more nuanced analysis and thus also guide effective policy interventions (Chen, 2012). The author therefore acknowledges the utility of this disaggregation insofar as it facilitates the discernment of further sub-categories in the way of informal self-employment, as well as informal wage employment. Accordingly, the former category includes both employers and own account workers in informal enterprises, family workers in either informal or formal enterprises, as well as individual members engaged in joint informal business

ventures. Alternatively, the latter category considers unregistered formal and informal enterprise workers (whether temporary or part-time) lacking in social and legal protection. In addition to domestic workers hired by households, these include casual or day labourers, contract workers, as well as industrial outworkers (homeworkers) (Chen, 2012: 7-8). As such, the 2003 expanded definition is employment-based and speaks to the entire 'informal economy'; which encompasses "all the units, activities, and workers so defined and the output from them" (Chen, 2012: 8).

## **2.2. Prevailing theoretical frameworks**

There is a vast body of literature on the informal sector. Chen (2012) in reviewing this, discerns four perspectives which assume the dominant theoretical frameworks through which the informal sector has been studied; namely, dualist, structuralist, legalist and voluntarist perspectives. Each of these will be considered in turn.

### **2.2.1. Dualist perspective**

Scholars adopting a dualist perspective consider the informal sector separate from the formal sector, and often as a temporary safety net during times of economic strife (Becker, 2004; Bromley, 1978, Chen, 2012; Chen, Jhabvala and Lund, 2002; Maloney, 2004). Implicit in distinguishing between the two sectors is the view that they are scarcely related, and instead develop according to their own respective paths (Tokman 1978; Peattie 1980; Potts 2007). For Bromley (1978: 1033), the "two-sector terminology" also divides the sectors into a "traditional" informal sector, as well as a "modern" formal sector; and also emphasizes the "significance of self-employment and small enterprises, [as well as] the degree of statistical under-recording in the informal sector". Notably, scholars adopting this perspective attribute the existence of the informal sector to the failure of industrial development to include the informal sector workforce (Chen, 2012; Chen et al., 2002).

In assuming that the two sectors are separated, scholars pay little heed to the likelihood of what Bromley (1978: 1034) believes to be a "continuously fluctuating state of interaction" between the two sectors; whereby "parts of the one sector may be dominated and even created by parts of the other sector". Chen et al. (2002: 9) agree, citing the prevalence of direct production, trade and service links between formal and informal sectors. It is also worrying, according to Chen et al. (2002) and Potts (2007), that politicians as well as academics often focus on micro-entrepreneurs and the

self-employed, thus paying little attention to the considerable informal workforce consisting of wage workers connected to formal enterprises and government regulation. Thus, these links are often overlooked by the dualist school of thought, despite its calls for state involvement in facilitating access to employment, financial and business development services to the informal sector workforce; together with infrastructure and social service provision to their families (Chen, 2012).

### **2.2.2. Structuralist perspective**

Despite their acknowledgement of links between the formal and informal sectors, structuralists nevertheless consider the relationship between the sectors to be imbalanced; whereby the privileged formal sector effectively trumps the subordinate informal sector (Carr and Chen, 2002; Chen, 2007, 2012). According to the structuralists, the consequent informal arrangements issuing from the above condition can be attributed to both bureaucratic and structural barriers to formalization (Chen et al., 2002: 12). Moreover, the said arrangements are useful in reducing input and labour costs as a necessary precondition allowing large capitalist firms to be more competitive. As such, the structuralist view considers informality to be a problem resulting from capitalist development; one also reflecting the failure of capitalism to absorb the large informal sector workforce (Chen, 2012: 5). Accordingly, scholars adopting the structuralist view often emphasize the exploitative relationship between the formal and informal sectors (Castells and Portes, 1989; Moser, 1978). Focusing on wage workers in the service and manufacturing sectors, this school of thought calls for an active role for governments in monitoring better work arrangements and regulating the networks involved in the economic system (Castells and Portes, 1989).

### **2.2.3. Legalist perspective**

The legalist school of thought is concerned with the relationship between informal economic actors and formal regulators; wherein the latter either facilitates or restricts informal economic activities (Carr and Chen, 2002; Chen, 2007). Moreover, it acknowledges the influential role of powerful economic actors on bureaucrats and politicians; and considers this responsible for the formation of “mercantile states” (Chen et al., 2002: 9). Scholars such as De Soto (1989, 2000) perceive unregistered micro-entrepreneurialism as a response to excessive state regulation. Moreover, informal economic activities are seen as an effective channel through which costs are reduced and wealth gained (De Soto, 1989). The legalists thus believe that deregulation is necessary for increased



economic freedom; particularly in countries of the developing world (Chen, 2007). Accordingly, simplified bureaucratic procedures are advocated, as this would:

[E]ncourage informal enterprises to register and extend legal property rights for the assets held by informal operators in order to unleash their productive potential and convert their assets into real capital.

(Chen, 2012: 5)

#### **2.2.4. Voluntarist perspective**

The voluntarist and legalist perspectives are similar in their common concern with informal entrepreneurs purposefully circumventing regulation and tax. For the voluntarists, however, this avoidance of taxation and regulation leads to unfair competition between formal and informal enterprises. Moreover, this group departs from the legalist perspective as regards finding fault in the onerous registration procedures (Chen, 2012). Although they acknowledge that the cost benefits of informal arrangements, as compared to those formal, are consonant with operating informally; the voluntarists nevertheless call for the regulation of informal enterprises, with a view to increasing the tax base and thus reducing unfair competition (Chen, 2012).

These four perspectives place emphasis on the attendant power relations synonymous with the interaction between the informal and formal sectors (Carr and Chen, 2002). Moreover, Chen (2007: 7) acknowledges the degree of truth to each of them; cautioning, however, that the “reality of informal employment is more complex than these perspectives would suggest”.

### **2.3. The nature of the informal sector internationally and in South Africa**

According to data provided by the International Labour Organization (ILO) (2013), informal employment in Sub-Saharan Africa forms a large percentage of total non-agricultural employment. Nevertheless, informal employment is lower in Southern Africa, ranging from 32.7 per cent in South Africa to 43.9 per cent in Namibia (ILO, 2013: 8). Other seven reporting countries have percentages greater than 50 per cent. Of these, Mali reaches provides a figure of 81.8 per cent. Similarly, informal sector employment is lower in the richer countries; ranging from 9.3 per cent in Mauritius and 17.8 per cent in South Africa (ILO, 2013: 8).

As has been shown above the South African informal sector is small in comparison to its developing country counterparts. The skewed development of the South African informal sector under repressive apartheid policy was facilitated by the promulgation of the Black Urban Areas Consolidation Act (Act 25 of 1945) and the Group Areas Act (Act 36 of 1966). Together, these laws imposed restrictions limiting opportunities in the formal sector for black South Africans; and effectively removed the right of non-white entrepreneurs in general to establish and operate businesses. Moreover, the legislation limited the range of goods that could be sold, blocked the formation of companies by black people, and set up a combination of bureaucratic processes discouraging the registration of small-scale economic activity (Standing, Sender and Weeks, 1996). Ultimately, it is largely due to apartheid and the existence of a relatively strong, highly regulated and modernized formal sector that the South African informal sector is less prominent in comparison to other developing country contexts (Budlender, Buwembo and Shabalala, 2001).

### **2.3.2. Links between poverty and informality**

In his assessment of the generous body of literature on the informal sector, Owusu (2007) expresses dissatisfaction with prevailing notions about the prevalence of certain social classes of people participating in informality; namely, the poor, women, as well as others who are unemployed (ILO, 1995; Sethuraman, 1997; Watson, 2002a; Tipple, 2005; Chen, 2012). In contention, the author cites the myriad of economic activities of professionals, administrators as well as other well-off employees; whose socio-economic status scarcely mirrors that of the poor. Nevertheless, the relationship between poverty and participation in the informal sector has been observed in a number of studies (Devey, Skinner and Valodia, 2006; Kingdon and Knight, 2007; Neves and du Toit, 2012; Rogerson, 2007).

Skinner (2006: 127) demonstrates the international significance of this trend, citing Sethuraman's (1998) data which corroborates this relationship in Latin America, Africa and Asia. Chen (2012: 3) agrees, and further attributes the scholarly interest in the informal sector to the "recognition of the links between informality and growth on the one hand; and the links between informality, poverty, and inequality on the other". Although in agreement, Skinner (2006: 127) nevertheless laments that the above relationship has accounted for the prevalent inclinations to view the informal sector through the lens of poverty alleviation; with welfare strategies reigning supreme in the way of policy action. For the author, this undermines the body of research highlighting the sector's significant overall economic contribution (Chen et al., 2002, 2012; Gough, Tipple and Napier, 2003).

Nevertheless, the said relationship holds true in many contexts attesting to the presence of informal economic activities; and South Africa is no exception (Meth, 2002, cited in Skinner, 2006: 127).

### **2.3.3. Linkages between the formal and informal sector**

The existence of multiple forward and backward linkages between formal and informal economic activities has been widely demonstrated (Chen, 2012, 2014; Chen, Vanek and Carr, 2004, 2005; Devey et al., 2006; Ince, 2003; Witt, 2000). South Africa's informal sector shares a close link with the value and commodity chains of its formal sector. However, this relationship does not hold where traditional medicinal herbs are concerned (Neves and du Toit, 2012). Nevertheless, the authors note the overwhelming amount of products and raw materials distributed by formal sector suppliers to informal sector retailers and manufacturers. Processes of sourcing and supplying goods take place either through individual transactions or through value chains of subcontracted relationships. Here, sub-sector networks produce and distribute various products (Chen, 2012: 12); and the value chains constitute the networks that link the labour, production, and distribution processes that result in different commodities or products (Carr, Chen and Tate, 2000; Kenny, 2000). In addition, the income generated by informal traders is spent largely on the consumption of goods and services of the formal sector; thus also reflecting overall national spending patterns. Consequently, the loss of income by informal traders leads to lower consumption spending across the economy. This is particularly because informal traders are inclined to have a higher marginal propensity to spend than formal business owners (David et al., 2012).

### **2.3.4. Sectoral segmentation of informal micro enterprises**

Revealing the nuances within the industrial segmentation of informal economic activity outlined previously necessitates further analysis by way of a sectoral approach. In so doing, the unique economic dynamics of each sector are able to be appreciated, particularly inasmuch as they demonstrate linkages with the formal sector; as this understanding assumes a critical informant to supportive planning responses to each sector (Carr and Chen, 2002; Chen et al., 2002). Devenish and Skinner (2004) recognize the overwhelming diversity of work conducted by those engaged in the informal sector. Activities include trade, service and manufacturing. Furthermore, informal workers sometimes operate "in the same activity within different sectors"; as reflected by traders selling multiple products (Devenish and Skinner, 2004: 11). Tipple (2005) observes, however, that informal sector activities are mainly focused in a selected range of activities, while they apply to various

industries nevertheless. Additionally, the said activities “are mainstream both in types of skill used and in products made and distributed” (Tipple, 2005: 616). Worthy of note is the predominance of the wholesale and retail trade industry, which accounts for 44.1% of all informal sector industries; followed by the community services and construction industries which account for 15.2% and 14.8 %, respectively (Stats SA, 2013).

Local small-scale convenience stores known as ‘spaza’ shops are long-standing and popular venues wherein trade is conducted. These enterprises have long since assumed a common feature throughout the townships of urban South Africa. A spaza shop is a “small convenience store usually run from a person’s home or temporary shelter” (Wills, 2009: 22). Spazas achieved prominence during the apartheid era, during which time business opportunities for black South African entrepreneurs were few (Charman et al., 2012a).

Of equal historical significance and current prominence are home-based informal bars or pubs selling alcoholic drinks, usually without a license. These establishments are commonly referred to by the term ‘shebeen’; an eighteenth century Irish term which denotes “a place where illicit alcohol is sold” (Smit, 2014: 61). Whereas the English-speaking world commonly employs the term in reference to “illegal taverns”, this study considers ‘shebeen’ to describe “unregulated alcohol outlets”; whereas ‘tavern’ describes licensed shebeens (Smit, 2014: 61). Shebeens emerged largely due to the restrictive laws of the former apartheid regime as regards the sale of liquor in townships, and have come to constitute “the major point of sale of [...]over 80% volume” of beer produced by the South African Breweries (SAB) (Webster, Benya, Dilata, Joynt, Ngoepe and Tsoeu, 2008: 27). In addition to shebeens, other informal enterprises found throughout townships and commonly operating out of people’s homes are, inter alia, hairdressing salons and crèches. Accordingly, some activities advertise their presence either by being at the front of the dwelling (as with shops and many services) or by a signboard (Ligthelm, 2003, 2005).

## **2.4. Home-based work: Review of existing evidence**

An important subcategory within the informal sector is those operating from their homes. Since this is a focus of this study, reviewing the existing evidence on this group within the informal sector is important. Home-based enterprises (HBEs) operate either specifically within or near the home. Some HBEs incorporate both home-based and non-home-based activity. An example of the former could be making food; whereas the latter could be selling food on the street (Tipple, 2005). For the author, however, the former activity falls within the category of production HBEs; whereas the

latter, while not being a retail HBE, is instead the “non-home-based activity to which the HBE contributes” (Tipple, 2005: 613). In at least six sub-Saharan African countries, over 50 percent of all enterprises are home-based. This owes to a general decrease in formal employment opportunities (Chen, 2012). Likewise in South Africa, HBEs are an important income-generating activity for less affluent households. Moreover, they play a key role in poverty alleviation at the household level (Charman et al., 2012a, 2013). Nevertheless, these enterprises remain among the least visible, as reflected by their general absence from tax returns and other formal-sector accounting procedures (Tipple, 2005). In addition, HBEs are among the most fragile components of the informal sector (Harrison et al., 2008: 234).

Chen (2014) provides a recent evidence-based account of the forces governing the conditions of informal home-based work in Ahmedabad, India; Bangkok, Thailand; and Lahore, Pakistan. This research was conducted by the global policy research network Women in Informal Employment: Globalizing and Organizing (WIEGO) in collaboration with membership-based organizations (MBOs); with the aim of ascertaining both the effects and possible future policy implications of macroeconomic trends, government policies and value chain dynamics on home-based workers. Among the reasons which informed the research is Chen’s (2014) acknowledgment of a general paucity of sectoral comparisons of how informal workers operating from their homes are affected by urban housing policies, infrastructure and zoning regulations.

Notably, home-based workers constitute a considerable portion of Asia’s informal sector workforce; with those subcontracted assuming the lowest links in global value chains. Nevertheless, in common is the wide range of products produced by both the said categories of workers. The self-employed, however, produce for both local customers as well as international buyers (Chen, 2014). Worthy of note are the considerable effects of government policies and practices as regards housing, infrastructure (most notably the irregular supply and high cost of electricity and public transport) and zoning regulations; in light of these workers’ reliance on their homes as their primary workplace. As such, the prevailing lack of state provision for commercial activities in residential areas assumes a significant constraint as regards the effective running of business activities where the home serves the dual function of living and working (Chen, 2014). It is thus little wonder that both local and national governments are among the key institutions regarded by the informal workers as unhelpful to their enterprises; in addition to the police, large retail firms and trade unions. This stands in stark contrast to the more favourable response as regards the MBOs to which the workers belong (Chen, 2014).

Chen (2014) is mindful of prevailing tendencies to disregard the existence of linkages between the formal and informal sectors. However, the research clearly demonstrated both backward and forward production linkages between the home-based workers and formal firms. Backward linkages denote the “use as inputs of raw materials, ingredients and supplies produced by others”; whereas forward linkages denote “the use of the output of workers/units as an input in other production activities” (Chen, 2014: 63). Accordingly, self-employed home-based workers purchase raw materials, ingredients and supplies from either formal or informal firms; whereas sub-contracted home-based workers display both backward and forward linkages with formal firms both sub-contracting to and buying finished goods from them. For Chen (2014), these linkages also serve to quell wide-spread assumptions as to the informal sector’s lack of contribution to the overall economy. Instead, the goods and services produced by the research samples constitute a key factor of both urban economies as well as global value chains.

The common assumption as to the deliberate avoidance of regulation and taxation on the part of informal workers is countered by the research findings; given their payment of tax for raw materials, together with the high fees they pay for electricity. Nevertheless, there remains a stark mismatch between the money they spend, and the services they receive in return. Chen (2014) attributes this to the general invisibility of their activities to policymakers; largely owing to their lack of registration. As such, this accounts for the often irrelevant, inappropriate and biased regulatory environment where home-based work is concerned (Chen, 2014). For the author, the irony of this is that:

[I]f home-based workers pay value added tax on raw materials and supplies, they are not likely to be able to claim commercial rebates, as formal firms do, because their activities are not recognized or registered [...]yet there is often no government department or even [a] procedure for registering home-based work.

(Chen, 2014: 73)

The MBOs from which the research samples were drawn were the Self Employed Women’s Association (SEWA) in Ahmedabad, HomeNet Thailand in Bangkok, and HomeNet Pakistan in Lahore. Of these MBOs, SEWA is the oldest, largest and most comprehensive; and is composed of several institutions serving to ‘mobilize, build awareness among, negotiate for, and provide a range of services to its members’ (Chen, 2014: 60). The important work done by these MBOs in the way of organizing informal workers, the better to holistically address their needs, has been acknowledged

(Chen et al., 2006, 2014; Sinha, 2013). Moreover, it is largely due to the efforts by these organizations that significant victories for informal workers have been achieved, since their inception. This has been resoundingly attested to by the research samples across all three countries (Chen, 2014). Nevertheless, there remains a consensus among the research samples across all three countries as to the generally lackluster performance on the part of the state (particularly local government) as regards the provision of skills training, marketing services and loans.

The author calls for the recognition of home-based work among policymakers; given its considerable share of units, activities and workers in the study countries. Moreover, the importance of infrastructure provision and access to markets (where possible), are emphasized. This follows from the key policy lesson which has emerged from the study as regards the effects of local government policies including land allocation, housing policies and public transport; in relation to the workers' imperative to commute to markets and transport goods and supplies to and from their homes (Chen, 2014). For those workers carrying out commercial activities in residential areas, the author notes the importance of multi-use zoning. Nohn (2011: 8) accepts the importance of this approach given its promise of, inter alia, mitigating the high costs of public transport and promoting a "balanced mix of uses that fruitfully interact with each other". Recognizing the link between housing and employment policies, Chen (2014: 74) thus notes that:

[P]olicy interventions around land allocation and housing as well as basic infrastructure and transport services should consider the home as a workplace in addition to a living place, and should be designed around an understanding of how people use their homes as workplaces, the costs that they incur to do so, and the effect that housing conditions and location have on the productivity of home-based work.

Of far-reaching importance to home-based workers is the act of organizing; as well as assuming an active role in policymaking, rule-setting and negotiating (see also Chen et al., 2006). Not only would this bode well in the way of increased bargaining power for home-based workers; but it would also ensure collective and thus more effective action against exploitative practices, as well as stronger demands for public services (Chen, 2014). However, it is imperative that the MBOs which allow for such collective action be supported and granted due legitimacy. Accordingly, it would then also be useful to have representatives of home-based workers partake of "policymaking, negotiating and arbitration or mediation bodies; including those that deal with labour rights and working conditions,

urban land allocation and zoning, housing and slum-upgrading, basic infrastructure and transport services” (Chen, 2014: 74).

## **2.5. Constraints to growth in the informal sector**

Again, given the centrality of interrogating the constraints to growth in the informal sector, this section reviews existing evidence on this issue.

### **2.5.1 Harsh regulatory environments**

The official recognition of the informal sector in South Africa has been inevitable, given its role as a source of income generation for many poor households (Harrison et al., 2008: 233). Nevertheless, Watson (2011: 20) cites a common occurrence in the form of harsh planning controls and by-laws (where these are enforced) in relation to HBEs; the former including conflicts in the event of residentially-zoned areas, restrictions to shops operating in front-of-house extensions, as well as noise restrictions. Other prominent examples include the stringent licencing regulations enforced on shebeens, as well as the intensification of use restrictions provided by some new land-use management schemes. These have been applied to poor areas in transition to becoming “more developed” (Harrison et al., 2008: 234). Tipple (2005: 614) argues that there is a tendency to regard HBEs “as undesirable in planning orthodoxy because [they introduce] commercial and industrial uses into areas zoned as residential”. The issue of planning paradigms will be dealt with in more detail in section 2.7.

### **2.5.2 Lack of access to infrastructure**

Adequate infrastructure is important for small businesses as it improves general working conditions and facilitates poverty alleviation. As such, it would be difficult for many of these activities to cope in its absence (Rogerson, 2004: 771). For Watson (2009a), the failure to recognize its importance partly owes to the failure to accommodate informal work in the original designs of South African cities. Lund and Skinner (2003: 20) agree, noting that “although the new government has made progress in addressing apartheid created infrastructural disparities, progress has not been as fast as was expected”. The authors further highlight the common infrastructural needs of both formal and informal enterprises in the way of “secure space, with transparent contracts for access to it, and which comes with a known and reliably delivered set of services (lighting, water, toilets, garbage



removal, security, storage)” (Lund and Skinner, 2003: 20). Unfortunately, many informal operators can ill afford to pay market-related prices, unlike their formal counterparts (Chandra, Nganou and Noel, 2002; Cichello, Almeleh, Mncube and Oosthuizen, 2011). Consequently, this renders informal enterprises vulnerable to a range of detrimental factors both natural and otherwise; with crime serving as a significant concern as part of the latter category (Rogerson, 2004; Cichello, 2005; Skinner, 2006; Yu, 2012).

### **2.5.3 Persistence of crime**

South Africa has been known to possess amongst the highest violent crime and murder rates in the world. Moreover, it ranks high in the world in terms of property crimes (Masuku, 2001; McDonald, 2008). Unsurprisingly, HBEs are highly affected by the risk of being targeted by criminals, many (if not most) of whom are local residents themselves (Brink, Cant and Ligthelm, 2003; Cichello et al., 2011). For Gough et al., (2003), the first-hand experiences of many HBE operators, where crime is concerned, partially accounts for the general view regarding the risk factor that comes with the ingress of outsiders into domestic retail space. Consequently, “some spaza owners do not sell beer in order to keep the ‘criminal element’ away from their homes whereas others put grilles at the service hatches” (Gough et al., 2003: 270). The authors are concerned about this, however, given that many HBE operators cannot bear the cost of such security measures.

Basardien, Parker, Bayat, Friedrich and Appoles (2014: 49) note the dominant presence recently assumed by foreigners including Somali, Pakistani and Chinese nationals in the spaza sector. This owes to their superior business strategies which include bulk purchasing and discount practices as well as competitive pricing (see Liedeman, 2013). As such, the subsequent displacement of South Africans from the spaza sector has led to a series of violence among these groups. Notably, Somali spaza owners have been the most affected ( Basardien et al., 2014; Liedeman, 2013).

### **2.5.4. Lack of access to markets**

Micro-entrepreneurs and own-account operators are often less able than larger firms to take advantage of emerging market opportunities (Chen et al., 2002: 3). Access to markets is an important business growth measure for those working both in the formal and informal sector (Carr

et al., 2000; Chen, 2012). However, formal businesses appear to be better placed than informal businesses to capture the opportunities that global markets present. This often renders informal business unlikely to cope, given the predominantly “low innovative capabilities and competencies” by which they are generally characterised (Basardien et al, 2014: 49). Furthermore, the community services industry within the South African informal sector has been of little help, as informal operators continue to service saturated markets. This is reflected by their often low profit margins (Basardien et al., 2014; Lund and Skinner, 2003).

#### **2.5.5 Lack of access to financial services.**

Compared to other developing countries, South Africa has a relatively sophisticated banking sector. However, this finding largely augurs well for established formal enterprises. Where informal enterprises are concerned, banks are often not willing to lend to these businesses; as well as that financial assistance programmes provided by government departments and agencies are administratively over-complex and thus largely inaccessible (SBP, 2011). In a survey of informal trading in inner-city Johannesburg, Tissington (2009: 50) revealed that bank loans had not been received by any of the traders; with some citing the prohibition of access to these mechanisms as well as the lack of documentation required by banks. Harrison et al. (2008: 228) are mindful of these conditions, noting that:

[I]t is usually impossible for informal activities to access credit in the same way in which formal businesses do this, and they are far more reliant on social networks or informal savings and loan (*stokvels*) associations to do this.

Various other studies have also suggested that the lack of access to credit for informal enterprises is a significant issue constraining their growth (Chandra et al., 2002; Cichello, 2005; Lund and Skinner, 2005; Neves and du Toit, 2012). In their survey of 500 informal sector operators in Johannesburg, Chandra et al. (2002) found the lack of access to credit to constitute the most serious constraint to business growth. Similarly, Cichello (2005) found this to be a primary constraint to business growth in the townships of Khayelitsha and Mitchells Plain, both in Cape Town. However, the empirical study by Neves and du Toit (2012) on survivalist self-employment and impoverished livelihoods in Khayelitsha and rural Eastern Cape introduces a layer of complexity to this understanding. Despite the general consensus among the informants as regards the need for credit, some felt that it precipitated a financial burden in the form of exorbitant interest rates upon repayment.

Furthermore, the authors also caution that in some instances ‘what might appear to be a credit constraint may reflect the harder realities of low [business] profitability’ (Neves and du Toit, 2012: 141). Charman et al. (2012a: 51) agree, and further highlight the possibility of high credit repayment rates to result in the bankruptcy of some informal businesses.

#### **2.5.6 Lack of business training**

Also of concern for many informal businesses is the lack of access to business management skills training (Basardien et al., 2014; David et al., 2012). In their investigation of business performance among street vendors in Johannesburg, Callaghan and Venter (2011: 42) found skills training to be a key influence for innovative business strategies leading to improved overall performance. Similarly, Liimatainen (2002, cited in Lund and Skinner, 2005: 12) concedes that “the development of relevant skills and knowledge is a major instrument for improved productivity, better working conditions and the promotion of decent work in the informal [sector]”. However, the author is concerned as regards the actual channels through which this can be achieved; particularly in the South African context, what with its historically problematic formal education system where business training is concerned. Due to the apartheid laws prohibiting informal work for black South Africans, the author discerns the possibility of scant “inter-generational transmission of knowledge about running informal enterprises through families” (Liimatainen, 2002, cited in Lund and Skinner, 2005: 12). With the subsequent relaxation of restrictive laws for many informal entrepreneurs as experienced during the fall of apartheid, this has therefore presented a condition whereby “informal enterprises are new; [and thus] the high unemployment rates, and late age of first entry into the labour market, combine to present a very loaded situation” (Liimatainen, 2002, cited in Lund and Skinner, 2005: 12).

The survey by Chandra et al. (2002: 18, 20, 44–45) revealed a dismal result in this regard. An overwhelming 81% of the informal business owners interviewed had never received any business assistance or training. Moreover, the lack of training reflected the high cost: the few owners who had been trained had paid on average three times the average monthly earnings of the sample for their training. Sixty percent of the operators did not have access to the small business support centres that had been established by central and local government. The high cost of public transport, as further revealed by the survey, might serve as a reason for this, to some degree (Chandra et al., 2002).

### **2.5.6 High public transport costs**

More recently, the examination by Cichello et al. (2011) of constraints to informal businesses in Khayelitsha, Cape Town similarly revealed the high public transport costs endured by local informal business operators. The underlying reason for this, notes the authors, is:

[A]partheid era spatial planning which sought to keep city centres 'white' and to keep other race groups further away, typically on the outskirts of the town or city.

(Cichello et al., 2011: 25)

Thus, the upshot of this is that local informal businesses are located far from their main markets and suppliers. The authors further note the subsequent efforts by government to reduce the high costs by introducing Metrorail trains and subsidized buses. Despite this, however, the situation has shown little improvement (Cichello et al., 2011: 25)

## **2.6. Organizing in the informal sector**

Reflecting on the presence and significance of collective forms of struggle among people in the informal sector and disadvantaged groups, Chen et al. (2006) discuss various kinds of MBOs among the poor across many different contexts in the global South. Notably, the authors consider how such organizations often play a role in both improving conditions among the poor workers and in claiming rights. To this end, their study draws a clear distinction between MBOs and MBOPs (Membership Based Organizations of the Poor); the latter thus constituting a subset of the former. Whereas MBOs are "those in which the members elect their leaders and which operate on democratic principles that hold the elected officers accountable to the general membership", MBOPs follow a similar strand; but are those in which "the vast majority of members are poor, although some non-poor persons may also be members" (Chen et al., 2006: 3). Regardless of legal registration, MBOPs can take the form of, inter alia, trade unions and cooperatives; and are dedicated to addressing the socio-economic needs of their members through collective action (Chen et al., 2006). For these organizations, formal registration is only required in the event of exceeding certain member amounts or activities. Although various regulatory drawbacks might be experienced, registration nevertheless promises both increased legal protection as well as expansion opportunities (Chen et al., 2006). Citing the significance of SEWA as an MBO whose governance structure is largely

composed of working poor women, the authors stress the imperative for MBOPs to strive for organization which is accountable to the poor. Like SEWA, MBOPs can either be started in collaboration between the poor as well as a “sympathetic non poor person already known to them”; or can be “started by non-poor outsiders” (Chen et al., 2006: 4). Nevertheless, there also remains the opportunity for self-started movements (Chen et al., 2006).

On the issue of trade unions of informal workers, the authors note the importance of integrated approaches which exceed the scope of collective bargaining alone. Instead, “combined strategies of struggle and development” are more favourable (Chen et al., 2006: 6). Of further importance for the authors are MBOPs opting for organization around worker identities; as against those that do so around other issues. The advantage in the former model is increased policy focus on the poor as “economic agents” contributing to the national economy; the better to “minimize other identities – which are often used by politicians to divide people - such as caste or religion” (Chen et al., 2006: 7). The usefulness of this strategy is therefore its facilitation of organizing around common needs in the way of securing livelihoods and ensuring dignity. This, for the authors, this is where the contribution of NGOs is the most meaningful, given the human rights component they add to the development of MBOPs; even amidst the restrictive environment sometimes created by state and corporate power (Chen et al., 2006). Nevertheless, the effective proliferation of MBOPs depends on financial self-sufficiency, which can only be promoted through the contributions of its members; rather than through external funding which is often top-down (Theron, nd, cited in Chen et al., 2006).

In a related but somewhat different body of work, Theron (2010) uses several empirical case studies to illustrate the emergence of various organizations among groups of the self-employed in various eastern and southern African countries. The author notes the prospects and limitations of these organizations; and expresses faith in the current upsurge of cooperatives. While not necessarily exercising political voice, these initiatives are nevertheless seen as holding promise for the economic empowerment of the self-employed; and for instantiating a social economy based on principles of self-reliance and community solidarity (Theron, 2010). Theron’s interpretation stands close to a strand of work that advocates a politics centred on “community economies”; and thus “economic spaces or networks in which relations of interdependence are democratically negotiated” (Gibson-Graham, 2008: 15).

Accordingly, the equitable development promised by MBOPs has far-reaching implications in the way of facilitative policy mechanisms. National and international macro-level policy has a key role to

play as regards establishing inventories of MBOPs existing in various areas; the better to ascertain any needs worthy of address. Policymakers would also do well to track the legal and regulatory environment in which these movements operate; be it trade union, co-operatives, civil organizations, insurance or banking legislations – depending on the size and complexity of their activities. Support for these movements can be meted out either financially or through building linkages necessary to strengthen their organizational capacities (Chen et al., 2006). Importantly, MBOPs would benefit immensely from being provided a seat at national and international policymaking and regulation forums through various mechanisms including “consultation [and] formal inclusion in relevant committees of the government and the bureaucracy” (Chen et al., 2006: 16). Ultimately, the need for MBOPs cannot be ignored. As such, the aforementioned level of policy recognition and support would go a long way towards ensuring that organizing among poor informal workers leads to the effective mediation of the wider environment; not only to benefit from it, but also to hold it accountable (Chen et al., 2006).

The South African experience has not proven favourable where organizing in the informal sector is concerned. Goldman (2003, cited in Devenish and Skinner, 2004: 11) captures this poignantly, lamenting that:

Organising is never easy. It is even less so in the informal [sector] where work is irregular and irregularly paid, employment relationships are often ambiguous or disguised and individuals are generally vulnerable as workers and citizens.

Among the challenges to organizing cited by Devenish and Skinner (2004) are those relating to spatial dispersion between workers in commercial and residential settings; as well as enduring skepticism by many of them as a result of negative prior experiences with various organizations. Notably, the former condition presents significant challenges as regards the acquisition of members. Another challenge relates to more recent models of organizations placing greater emphasis on issues such as service delivery and land access; often to the exclusion of “labour related issues generally or the informalisation of work specifically” (Devenish and Skinner, 2004: 11). For the authors, the stationing of many of these organizations in residential settings is opportune, given the salience of exploitative informal economic activity within these areas. Nevertheless, their focus on service delivery allows for a narrow scope of collective agency.

## 2.7. The role of planning paradigms and practices

Tibaijuka (2006, cited in Watson, 2009a: 153) identifies the rapid upsurge of poverty in urban areas of the global South as an increasingly important issue requiring urgent address within the ambit of the spatial disciplines. Notwithstanding the significant role of planning in assuaging this condition, the discipline has nevertheless assumed a negative and “anti-poor function”, as it often tends to increase social and spatial exclusion in cities (Watson, 2009a: 187). As such, Tibaijuka challenges planning practitioners to devise urban planning interventions more in tune with and in support of the livelihood strategies of the poor. In her address to the 2006 World Planners Congress, the author sets out imperatives for planners to work with informal economic actors; the better to manage public space and provide services. In so doing, their entrepreneurial endeavours would be better recognized, and their right to property and space acknowledged (Watson, 2009a).

For Watson (2011), the upshot of this critique carries far-reaching implications as regards the role of urban planning practitioners. Accordingly, it reinforces their task in:

[P]roviding for markets, trading spaces and services, promoting mixed-use zoning to allow for home-based workers, and encouraging a participatory and collaborative approach to policy formulation and day-to-day management.

(Watson, 2011: 8)

Employing Cape Town as a case study to examine the relationship between urban planning and informal sector retailing, Dierwechter (2004: 959) considers the two to be significantly “powerful, if frequently antagonistic, social forces shaping space in post-apartheid Cape Town”. Despite this reality, the author is concerned about the rarity of studies investigating the respective characteristics of urban planning and informal labour. This concern finds some resonance with Watson (2009b). For the author, these forces have come to constitute two increasingly important and ever challenging urban conditions synonymous with cities of the global South today; namely, the imperative of survival, and that of governing (Watson, 2009b: 2261). A deep understanding of and critical engagement with the interface between these forces necessitate nuanced qualitative case study investigation into “state-society interactions and the dispersed practices of government” (Watson, 2009b: 2272); particularly as regards the effects and adaptations of urban planning strategies to various local contexts. Fulfilling this task promises to establish an important step towards unsettling widely-held notions about planning practice (Watson, 2009b: 2261).

In her critical assessment of the trends in planning education in countries of the global South, Watson (2011: 20) concludes that:

The impact that planning and planned urban environments have on informal work is only partly understood, and much more research is needed in these areas.

For the author, there is currently little understanding as regards the way in which planning law affects actors and employment within the informal sector. Although she concedes that some of these laws apply on a national scale, she still discerns the likelihood of multiple by-laws which stymie the proliferation of informal economic activities in urban areas. As such, the research called upon by Watson is of much import; what with the:

[S]trong influence on planning curricula of existing planning legislation (at country and city level), and the position taken by many schools that they need to train planners to operate existing planning laws

(Watson, 2011: 20)

With the above in mind, the critical role that urban planning assumes in shaping the work environment of the informal sector cannot be under-estimated (Watson, 2011). Nevertheless, Watson (2009b: 2267) proposes the need for an improved understanding of what she identifies as the:

[I]nterface between, on the one hand, current techno-managerial and marketised systems of government administration and service provision [...] and on the other, marginalized and impoverished urban populations surviving largely under conditions of informality.

Thus, it is on this note that she also cites the need for studies considering supportive urban planning interventions where HBEs are concerned (Watson, 2011: 20).

## **2.8. Remaining research gaps**

The need for further research into the reasons for the continued growth of South Africa's informal sector, as well as the attendant proliferation of micro-enterprises, has been acknowledged (Skinner,



2006; Neves and Du Toit, 2012; Charman, Petersen and Piper, 2013). A range of imperatives such as the need for more investment in servicing residential areas to the level at which HBEs, for example, can operate with adequate water supply, sanitation, power and solid waste disposal, have been acknowledged (Napier & Mothwa, 2001; Gough et al., 2003). As further intimated, this requires a revision of current state approaches; however, which can only be made possible by a better understanding of HBEs. To this end, empirical evidence such as that which can be gained from my research in Delft South can make this possible. In addition, sample surveys of informal enterprises operating in the area have the potential to elicit important information for spatial planning, such as what facilities operators currently have access to, as well as what infrastructure they deem important for running their businesses. Accordingly, the said surveys can also secure critical information for more developmental approaches to understanding factors such the dominant types of trade as well as the backward and forward linkages, with a view to finding strategic points of intervention. This technique is well developed for growing the informal sector (Chen et al. 2002; Devey et al., 2006; Skinner, 2006).

In suggesting approaches to addressing the needs of workers in the informal sector, Skinner (2011: 18) cautions that:

The manner in which planning practices help or hinder the livelihood activities of the informal economy is highly context-specific [and that] appropriate planning interventions will differ from one worker group to another, and from one part of the city to another.

In line with the author's suggestion, the study of Delft South will begin by segmenting the area's informal sector into different sub-sectors, the better to identify those containing large numbers of workers. Noting their spatial distribution within the area, these sub-sectors will then be prioritized for support. Further analysis will thus entail engaging with their perspectives to understand how they are, inter alia, regulated by urban policies, as well as the potential impact of spatial interventions on their businesses. Considerations will include issues ranging from the effects of local area planning on their businesses as well as their access to infrastructure.

In light of the aforementioned gaps in the field as well as the imperatives cited, the study thus aims to gain in-depth information about enterprises in the informal sector of Delft South. This will include information about enterprise owners and the characteristics of their operations, the business environment in which they operate, constraints to growing their businesses, as well as their

relationship with the state. It is thus hoped that the undertaking will go some way towards providing knowledge necessary to address the said gaps. Importantly, it will inform recommendations for inclusive and pro-poor strategies aimed at supporting their livelihoods through detailed project development by the local area municipality.

This Chapter has provided definitions and theoretical frameworks useful for understanding the informal sector. Evident is the significance of the informal sector as encompassing strategies for fending off deep poverty for many poor households. However, these strategies are often faced by a complex of constraints. Of concern is also the prevalent lack of collective efforts at addressing these issues, as gleaned from the South African experience of organizing. The critical role assumed by planning on informal livelihoods is thus evident, but also clear is the need for planners to gain a better understanding of this sector and its workforce. This is useful for facilitating interventions which might improve working conditions and create more enabling environments for the livelihood strategies of this group.

## Chapter 3: Research Methodology

This chapter outlines the research methods utilized in the study. Divided into five sections, the first explains the utility of the case study method and justifies its selection for answering the research question. The second outlines the data collection techniques employed, followed by an explanation of the data analysis process in the third section. Methodological limitations are noted in the fourth section, together with their respective mitigation measures. Finally, the ethical considerations borne in mind during fieldwork are explained in the fifth section.

### 3.1. Case study method

For the purpose of conducting research in Delft South, the case study method was employed. This method is suitable for producing context-dependant knowledge. As Flyvbjerg (2011) reminds us, this knowledge is pre-eminent in the study of human affairs. Coupled with the real-life experience of a study area, it allows for expert research activity which trumps predictive theory (Flyvbjerg, 2011). Similarly, Walton (1992) extols the case study method as one more likely to produce a better theory, given its strong links with theory development.

Accordingly, the case study method is important for learning about, not only the context under study, but also about the skills needed to produce good research. As Flyvbjerg (2011) notes, case study research has accounted for much of our current knowledge about the empirical world. Unwise though it may be to discount rationalism, empirically grounded research has done much to obviate the danger of learning processes stultified by their distance from objects of study nevertheless (Watson, 2002b). The case study method thus facilitates empirically grounded research and thereby prevents the risk of veering into “academic blind alleys” (Flyvbjerg, 2011: 303).

For Yin (2009b), the case study method lends itself to application in research addressing descriptive or explanatory questions. In conducting research premised on an enquiry as to the key constraints to securer informal livelihoods in Delft South, Yin’s point has thus been of significance. Furthermore, Yin agrees with Flyvbjerg (2011), for whom the closeness of a case study to real-life situations also affords a more nuanced view of reality. Importantly, this method has offered a real-life understanding of the people and events on which the research has focused (Duminy, Andreasen, Lerise, Odendaal and Watson, 2014). With Delft South as the case study, this method allowed me

to place myself within the context of the area's informal sector. Thus, I was able to learn about its processes and conditions, while also understanding the viewpoints expressed by its workforce.

Duminy et al. (2014) also hail the case study method as an effective tool with which to navigate through the intricacies of African urban spaces and processes. Thus, they resemble Yin (2009a), for whom the case study also serves as a useful lens through which to view and understand complex social phenomena. Given the cultural, linguistic and religious heterogeneity of the human life-worlds which populate Delft South, as well as the inherent complexities of the community-orientated livelihood logics which motivate the area's small business owners, the case study method was a suitable medium through which to engage with and understand this township's informal sector. Accordingly, it was also a useful tool for expressing the uniqueness of Delft South's informal sector as a bounded series of events, and ultimately facilitated the advancement of proposals and strategies to support it.

This is important in light of Flyvbjerg's (2006) displeasure about the prevailing tendencies to view the case study method as having limited potential for generalization. Instead, he holds that this misunderstanding undermines the method's usefulness in testing and generating propositions. Similarly, the research findings from Delft South's informal sector as generated through this method relate back to the broader theoretical positions on the informal sector, in line with Yin's (2012) suggestion. Nevertheless, there also remains the possibility for further generalizations from the findings and strategies proposed in Delft South to inform (to varying degrees) interventions in other contexts. Duminy et al. (2014: 20) agree with this notion, given their emphasis that:

[G]eneralizing from the case study is often about making [...] findings the basis for action, not only in the study area but also elsewhere, nationally and internationally.

Nevertheless, it is worth noting that the research findings from Delft South have served not so much the purpose of generalization. Accordingly, the limitation of the study to the boundaries of Delft South, as well as the very articulation of the question framing the research, together obviate the possibility of generalization to informal sectors outside of the study area (see Hodkinson and Hodkinson, 2001). Instead, of more importance are the lessons and principles that the findings from Delft South provide. Moreover, they also have the potential to inform interventions proposed in other areas whose informal sectors experience similar constraints to growth.

Duminy et al. (2014) are enamored of the case study method as a research tool possessing immense potential to produce knowledge that may ultimately serve to critique widely held notions of how African cities function. As such, it promises to both build on existing as well as offer new theoretical insights into planning for and addressing the persistent polarization and fragmentation which has come to characterize African cities (Watson, 2002a). In assessing the constraints to informal livelihood strategies, the incorporation of Delft South as a case study has in turn generated useful knowledge as to the processes necessary to support it. Moreover, insights gained from this undertaking are of significance in the way of theory development on the subject.

## **3.2. Research techniques**

### **3.2.1. Literature review**

This phase of the study explored the broader literature concerning the informal sector, as well as the experiences of its workforce; both globally and locally. Moreover, the review of relevant literature was useful for obtaining key information on some of the activities and characteristics of the township economy; specifically focusing on those involving informal livelihood strategies. This also established a nuanced understanding of the spaces in which it unfolds. In addition, the literature provided a useful lens through which to perceive some of the challenges presented by the informal sector to the discipline of spatial planning, and vice versa. Importantly, this exercise facilitated the establishment of a basis frame of reference for gaining insight into the intricacies of the informal sector, as well as its complicated relationship with urban planning and governance.

### **3.2.2. Secondary data collection**

Appendix 1 contains spatial maps of Delft South. During December 2010 and May 2011, the Sustainable Livelihoods Foundation (SLF) conducted comprehensive studies of micro-enterprises in some of Cape Town's poorer townships, namely; Imizamo Yethu, Delft South, Vrygrond, Sweet Home Farm and Browns Farm. The object of this initiative was to survey and record the spatial location of all publicly recognizable businesses in the said localities. This was carried out with the aid of geographical positioning system (GPS) devices. Ultimately, the process culminated in the compilation of spatial maps and data reflecting the location and distribution of all businesses by sector.

Following on from the empirical insights provided by the SLF, my research sought to focus and expand on the knowledge gained from Delft South. To this end, I drew on secondary data from the SLF as a guiding tool for sample selection (Please see Section 3.2.6 for further elaboration). SLF's data comprised spatial representations (maps) of the following:

- Spatial distribution and count of informal enterprises (Map 5.2.1a)
- Dominant informal enterprise sectors (home-based grocery stores, alcohol retailers, hair care) (Map 5.2.1b)
- Home-based grocery stores (Map 5.2.1c)
- Local vs foreign spaza ownership (Map 5.2.1d)
- Alcohol retailers (Map 5.2.1e)
- Hair care (Map 5.2.1f)

The spatial maps facilitated a critical analysis of the local informal sector so as to assess its overall degree of presence and overall contribution to the economic enterprises of the area as a whole. Importantly, the maps also allowed for a critical analysis of the spatial distribution of the different sectors in relation to each other. These were necessary preconditions for justifying the recommendations advanced in Chapter 6 of the study; with a view to supporting the informal sector of Delft South. Following this was an analysis employing a segmented approach to viewing the area's informal sector; one taking into account various worker groups currently operating in the area. Given its heterogeneity, the importance of a sectoral approach to intervention-orientated analysis and documentation of the informal sector has been widely cited (Chen et al. 2002; Chen, 2012; Devey et al., 2006; Skinner, 2008).

On conducting this in Delft South, the spatial distribution of the various worker groups (by category), was noted. This was a useful way in which to ascertain which segments of the area's informal sector contain large numbers of business operators, and thus which segments might constitute useful *starting points* for supportive interventions. Importantly, a sectoral analysis was a useful tool by which to secure critical information with regard to backward and forward linkages, the better to facilitate the identification of strategic points of sectorally-based interventions more suited to enhancing the incomes of the area's informal sector workforce (see Skinner and Valodia, 2001; Chen et al., 2002; Lund, 2002; Devey, Skinner and Valodia, 2003, 2006; Ince, 2003; Skinner, 2006; Webster et al., 2008; Chen, 2012).

For the purpose of my research, it was also useful to refer to various state policy documents in seeking to ascertain the regulatory environment in which the various sectors operate, and to draw comparisons between the implications of state regulations on their functioning (see Chapter 4). In addition, it was worth referring to a map reflecting the various land use zoning categories in Delft South, as promulgated by the CTZS (Map 5.2.2a), and then overlaying it with the information from the SLF (Map 5.2.2b). This exercise served to provide insight as regards the current policy environment in which HBEs function, as well as the needs of this group in the way of a policy environment conducive to secure livelihoods. Importantly, the exercise also identified the role of state regulation in both shaping and actuating the area's informal sector in space; and thereby also revealing the logics of the local space economy. This was useful for ultimately informing recommendations for inclusive and pro-poor approaches to state interventions and regulations in Chapter 6 of the study.

### **3.2.3. Entering the fieldwork site**

Christensen, Garvin and Sweet (1992) and Watson (2002b) accept the importance of direct, first-hand experience of a situation in imparting a deeper understanding thereof, as against learning about it from a textbook or classroom lectures. Similarly, my research required that I commence fieldwork by entering into and spending time doing low-key participant observations in Delft South. Duminy et al. (2014) express faith in this approach as a good way to embark on research in urban settings, with more structured observations only to be employed upon the gradual clarification of further research issues. However, important to bear in mind is the need to secure "institutional or political access to key actors and primary sources" prior to this undertaking, as suggested by Duminy et al. (2014: 6). To this end, I had originally intended on requesting the consent of the local ward councilor prior to conducting any research in the area. Despite our agreement to meet over the telephone, he was not present on the day of my arrival at the time we had specified.

Nevertheless, I was finally able to enlist the services of a local resident as a research assistant. On agreement, this entailed that I remunerate him after every day of fieldwork. Importantly, I was able to gain rapport with him and his presence was invaluable in giving me a sense of security while 'penetrating' a context of which I had had little prior physical and psychological experience. Thereafter, conducting fieldwork observations entailed my identifying local informal business operators according to their respective sectors, and enquiring about any constraints to the growth of their businesses. Accordingly, the review of relevant literature prior to this exercise (Chapter 2), the foregoing analysis of spatial maps from the SLF, as well as the review of the key state policy

documents (Chapter 4), all established a critical point of departure in giving me an idea as to some of the issues of potential concern to the research participants. Nevertheless, getting *their* perspectives on these matters was useful in ensuring that my research in turn progressed under their guidance. Courses of action suggested in response therefore advanced 'from below'.

The process of identifying and recording the nature of the businesses under study afforded the opportunity to gain a situated understanding of the implications of spatial location on daily business activities, whether spontaneous or otherwise. Appendix 2 contains sketches depicting floor plans of all enterprises surveyed. These sketches were useful in reflecting on the various ways in which operators generally utilize their spaces. Moreover, the process aimed to ascertain some of the factors influencing the manner in which space is used. These factors pertained to; inter alia, the location of the enterprises, as well as state regulation. It was also useful to depict relevant features illustrating the specificity of daily business functions. Some of these features included business equipment, furniture, as well as the bodies in space who were making use of them, as observed during the time of fieldwork. Ultimately, these observations served to guide conclusions drawn to inform my research.

Nevertheless, it was worth noting the potential danger of influencing the actions of those under observation during the process (Bernard, 1995). In seeking to mitigate consequent ethical implications and avoid any potential misunderstandings, tasks which involved my taking notes and producing sketches were therefore preceded by asking permission to do so. Moreover, it was important that I clearly explain the intent of my actions to those under observation. This was also helpful in gaining the trust of the research participants (Duminy et al., 2014; Roulston, deMarrais and Lewis, 2003; Winkler, 2013a).

#### **3.2.4. Interviews**

For Briggs (1986), the interview is not only an important research technique for generating qualitative data, but is also important for the co-construction of knowledge and for validating what we, as researchers, believe to be true about human beings and the way they relate to one another. Recording participants' voices verbatim also serves as an effective measure for off-site corroboration and triangulation (Roulston et al., 2003). For the purpose of my research in Delft South, I conducted semi structured one-on-one interviews with selected local informal business operators, with a view to ascertaining the factors accounting for the precarious nature of their businesses. Through a



preliminary screening question upfront asking whether or not the interviewee owned the business, I was able to quickly prioritise speaking to business owners; as an employee might not have provided as detailed an account of business activities, history and constraints, as an owner would have. Whereas interviews with foreign enterprise operators were conducted in English, all interviews with South African operators were conducted in a combination of isiXhosa and isiZulu. Whereas I addressed these respondents in isiZulu, they responded in isiXhosa. Although English is a widely-spoken language in the area, respondents were still better able to articulate their sentiments more clearly in their native isiXhosa. Throughout these exercises, our mutual and clear understanding owed to the common structure shared by these languages. Importantly, the interviews brought to the fore key issues in need of address, as well as potential disjunctures as regards the policy environment in which the informal business operators of Delft South currently ply their trades.

Throughout these questioning processes, it was important to establish levels of rapport and comfort with the interviewees, the better to facilitate adequate responses to as many questions as possible (Duminy et al., 2014; Winkler, 2013b). Accordingly, I also sought to ensure the accuracy of questions asked; and I probed into issues (where appropriate) to elaborate meaning. It was therefore in so doing that I was able to arrive at a more nuanced understanding of the issues which my research served to address (Roulston et al., 2003). It was also worth heeding the time allocated to interviews and taking into account the importance of allowing them to continue their business throughout. As such, the interviewing processes catered for interruptions ranging from customer purchases to product deliveries.

### **3.2.5. Questionnaire**

The strength of a questionnaire lies in the emphasis it places on respondents' identifying problems. As such, this data collection tool is useful in providing clues as to potential areas for intervention (Skinner, 2006). Moreover, this research technique allows for a broader scope of data in a relatively short time period (Winkler, 2013b). For the purpose of my research, the content of the questionnaire was informed by the review of the literature as well as the policy environment in which the informal sector currently functions, as well as the research methods which I have utilized. Accordingly, the fulfilment of the said tasks culminated in the design of a pre-structured draft questionnaire which was to assume the tool with which to get a sense of the business operators' perspectives as to the current functioning of their ventures.

Nevertheless, it was necessary to pilot the initial draft of the questionnaire. For this exercise, the research participant selected was a resident of Delft South operating a spaza shop. The interview lasted for 52 minutes. As the exercise served only to test the questionnaire, the findings obtained from it were not included in Chapter 5 of the study. Nevertheless, the exercise proved useful in ascertaining whether or not it would be necessary to rephrase some of the questions which might have confused subsequent interviewees. Following this, the questionnaire was then refined further. Where necessary, questions were clarified and focused.

A copy of the final questionnaire can be found in Appendix 3. Section 1 of the questionnaire facilitated the identification of pertinent and readily observable qualities as regards the respondents. Important to note was also the way in which they were using the spaces available to them. Producing sketches thus proved useful in visually communicating these conditions. Collectively, Sections 1 and 2 of the questionnaire therefore served to identify the respondents; and Section 3 allowed for a synopsis of their work and business history. Importantly, this provided a sense of some of the drivers of the informal sector. The links between poverty and participation in the informal sector have been acknowledged in the literature (Chen, 2012; Neves and du Toit, 2012; Skinner, 2006). Nevertheless, instances have also been cited whereby poverty and unemployment are not the motivations for this (Owusu, 2007). As such, Section 3 of the questionnaire was a useful way in which to assess these conditions in relation to the sample of operators in Delft South.

Chen (2014) reminds us of the importance of land allocation and housing policies in relation to a large part of the informal sector workforce's imperative to conduct business in the home. As such, Section 4 of the questionnaire was interested in the locational aspects of informal economic activities. The advantages and disadvantages of the operators' respective locations were thus assessed. Importantly, it was also worth assessing the level of consideration given to the home's doubling up for retail and living, in the general design of the settlement. Any other prior business locations were also inquired into, together with the reasons for relocation.

Section 5 inquired about three key business constraints currently experienced by the operators. The reason for the early appearance of this question into the process was to try and get the operators to think through their respective constraints in more creative and intuitive ways. Thereafter, Section 6 considered what emerged in the literature review as a general lack of access to and (often) poor basic infrastructure, as experienced by a large part of the informal sector's workforce. As established in the literature, this is an important precondition for conducting an informal business. Moreover, it

carries far-reaching implications in the way of security (see Chandra et al., 2002; Lund and Skinner, 2003; Rogerson, 2004; Chen, 2014). As such, Section 6 of the questionnaire assessed the state of affairs in relation to the sample of informal business operators in Delft South; with the hope of ascertaining any needs requiring urgent address.

Compared to other developing countries, South Africa has been found to allow for better access to various business finance mechanisms as well as sound banks. Nevertheless, this tends to apply more to the formal sector than it does to the informal sector (SBP, 2011). Among the reasons cited are complex administrative systems and lack of proper documentation as some of the factors constraining a large part of the informal sector workforce (Harrison et al., 2008; Tissington, 2009). To this end, Section 7 of the questionnaire assessed the level of state support currently received by the sample of informal operators in Delft South. Accordingly, any effects of such mechanism were also taken into consideration.

The generally poor performance on the part of local government as regards the provision of skills training is a trend of both international (see Chen, 2014) and local significance (see Chandra et al., 2002; Tissington, 2009). Among the problems reflected by these deficiencies is also the significant cost factor introduced by reaching the said services; particularly as regards public transport. Section 8 of the questionnaire therefore enquired as to the degree of business assistance received by the sample of operators in Delft South. The means of accessing it was also taken into account. This was important for ascertaining the extent to which the study area attests to the challenging conditions reflected in the literature.

The persistence of crime emerged in the literature as a significant feature of many South African townships (Masuku, 2001; McDonald, 2008). As such, many HBEs are affected as they operate in these localities (Brink et al., 2003). Section 9 of the Questionnaire therefore assessed these conditions in relation to the sample of informal operators in Delft South. To this, enquiries were posed into any experiences of crime over a period of six months prior to fieldwork.

The research by Chen (2014) has provided a clear demonstration of both backward and forward production linkages between home-based workers and formal firms in all the international case studies considered. Moreover, the study offered a key lesson as regards the effects of local government policies including public transport; particularly as regards the workers' imperative to reach suppliers and transport goods to and from their homes. Closer to home, Cichello et al. (2011)

have similarly cited the high public transport costs endured by the informal business operators of Khayelitsha (Cape Town) in relation to the vast distances between them and their suppliers. Assessing the relevance of this condition to the sample of operators in Delft South, Section 10 of the questionnaire has sought to identify both the main customers and the suppliers of this group. Moreover, the relationship between them and their suppliers has been examined, with a view to ascertaining the degree of assistance that they have received. The mode of reaching suppliers was also examined so as to get a sense of any issues experienced in this regard. Finally, any practices of collective purchasing among the operators are noted. As Basardien (2009) and Liedeman (2013) remind us, these are important business strategies for acquiring discounts and saving money. Their effectiveness has been demonstrated by mostly Somali spaza shop owners who have come to dominate their South African counterparts through utilizing them (Basardien et al., 2014; Liedeman, 2013). It would thus be useful to assess the degree to which this is taken into account by the sample of operators in Delft South.

The importance of local government in attending to the issues faced by informal workers cannot be over-emphasised. However, the upshot of Chen's (2014) research paints a dismal picture in this regard; what with the said organ of state cited by the informants as either hindering or being generally unhelpful to their enterprises. A further review of the literature has also highlighted the fragility of HBEs to be symptomatic of the often limited visibility of these ventures from the scope of policymakers (see Chen, 2012, 2014; Harrison et al., 2008; Tipple, 2005). This has many disastrous effects for informal business operators; one of which is exploitation (Tipple, 2005). In view of these conditions, Section 11 of the questionnaire examined the interactions of the informal business operators of Delft South with the relevant government officials responsible for monitoring the informal sector of the study area. Alternatively, Watson (2011) highlights the onerous planning controls imposed on HBEs. This owes to the commercial activities introduced by these ventures often conflicting with the legally-intended residential use of the spaces in which they operate. To this end, Section 12 inquired as to the effects of state regulation on the enterprises of the operators.

Section 13 then allowed for a sector-specific assessment of regulatory effects experienced by the businesses under study. Inquiry took into account zoning (spazas and hair care enterprises) and liquor licence regulations (shebeens and taverns). In so doing, it was also important to gauge the degree to which these procedures lend themselves to navigation by any operators who may have either registered or attempted to do so for compliance. Where possible, it was also useful to find out

about the costs involved in these processes. This was in order to arrive at a clearer understanding of the respondents' overall experiences of the procedures.

The persistence of low profit margins and resultant meagre salaries earned by many informal business operators speaks to the generally precarious livelihoods characteristic of the informal sector (Lighthelm, 2005; Lund and Skinner, 2003). Testing the relevance of to the sample of operators in Delft South, Section 14 of the questionnaire probed into the general performance of the operators' businesses within a period of twelve months preceding fieldwork. Thereafter, the earnings of the business operators as experienced during both good and bad business periods were noted.

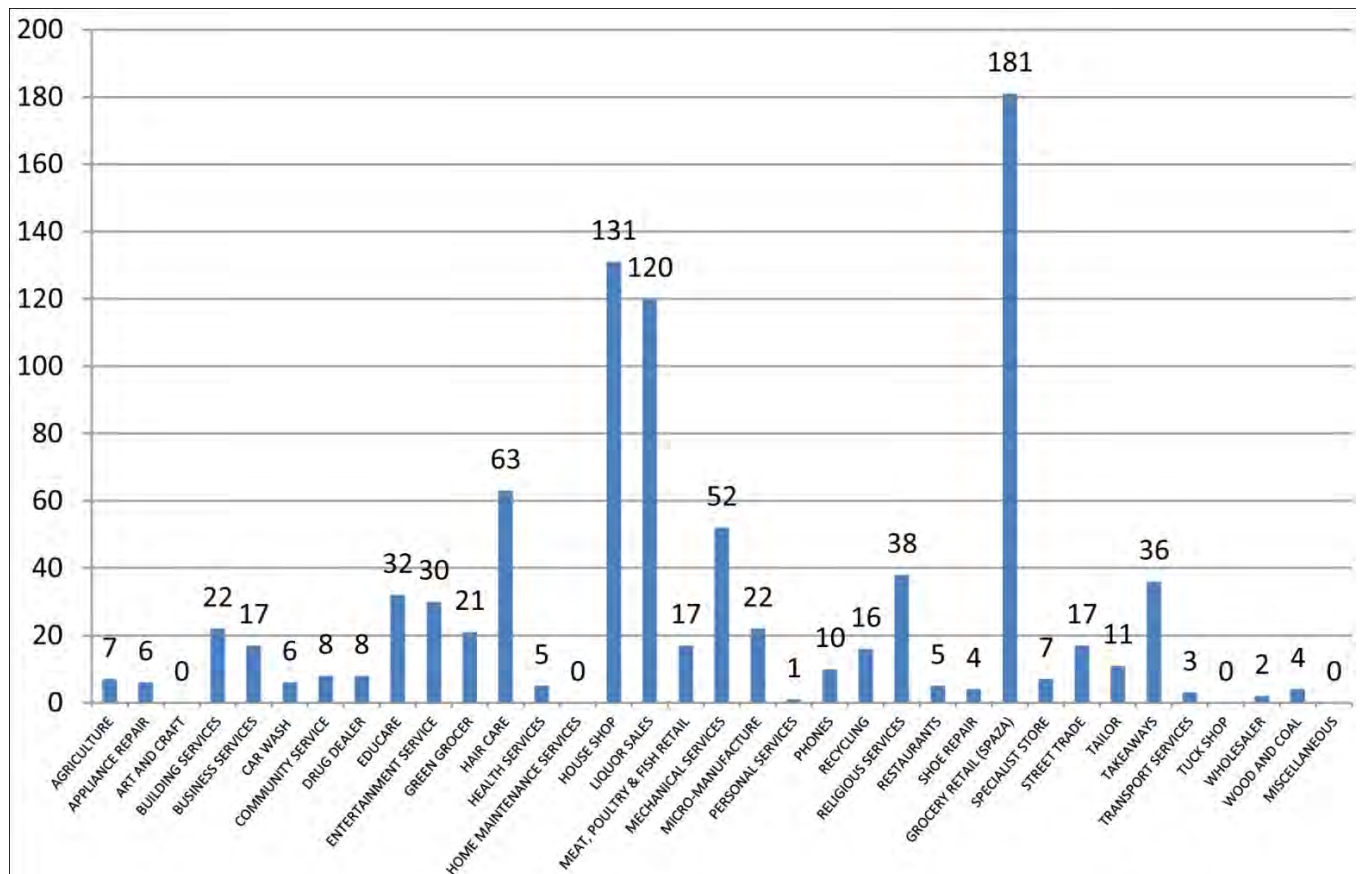
In thinking through the claims on the equitable development promised by collective agency among the informal sector workforce (see Chen, 2014; Chen et al., 2006), Section 15 of the questionnaire tracked the degree of organizational affiliation among the sample of informal business operators in Delft South; as well as the business-related experiences (whether negative or positive) which have resulted from this. This was also useful for gaining insight as to the local perceptions of organizations. As Devenish and Skinner (2004) remind us, a significant challenge to securing strong organizational membership among workers is in many instances attributable to the enduring skepticism by many of them, often as a result of negative prior experiences. However, the importance of such initiatives cannot be underestimated; and thus any misgivings around them have to be quelled, where possible. The importance of this two-fold in that not only is increased organization a useful measure against the often exploitative working conditions wherein many informal operators ply their trades (Devenish and Skinner, 2004); but organizations also afford increased visibility of informal workers to policymakers, the better to ascertain any support which they may require (Chen, 2014; Chen et al., 2006).

The above process of inquiry thus culminated in the business operators' reflections on three key state contributions to their businesses in Section 16. In facilitating their thinking through this, however, it was useful to begin by assessing various periods of both good and bad business performance. Ultimately, the value in this process lay in my getting *them* to prioritise what was important to ensure the growth of their businesses. Important to note is also that the questionnaire allowed for priorities to be identified according to sectors, as opposed to their being noted collectively. Such has been the general approach of the questionnaire throughout the entire process

of inquiry (where necessary). This was important in light of the suggestion by Skinner (2006: 145), as regards the avoidance of viewing the informal sector as a “homogenous set of activities”.

### 3.2.6. Sampling process and sizes

As intimated in Section 3.2.2, sample selection was facilitated by secondary data from the SLF comprising both graphic and numerical depictions of sectoral breakdowns reflecting the informal enterprises operating in the area. This therefore constituted the sampling frame; one useful for ascertaining the current functioning of the study area’s informal sector. The decision concerning the sectors whose informal workers were included in the sample necessitated clear academic research logic regarding the reasons for prioritising those sectors over others.



**Figure 3.1:** Graph illustrating enterprise amounts in Delft South

Source: Charman and Petersen, forthcoming: 13; drawing on Census data

Figure 3.1 shows a numerical representation of Delft South’s informal sector as enumerated by the SLF (see Charman and Pietersen, forthcoming). Evident from this graph is a total of 902 informal

businesses. Of these, spaza shops predominate. In descending order of frequency, these are followed by house shops, alcohol retailers and hair care enterprises. Charman and Pietersen (forthcoming: 11) note that:

House shops differ from spaza shops in size as well as in the range of products. These businesses typically sell snacks, frozen meat and cigarettes, whilst in the past many also sold fuel.

This distinction notwithstanding, the current study has nevertheless combined the two categories, owing to their home-based sale of fairly similar items. As such, the study has drawn from an overall sampling frame of 902 informal businesses containing 312 home-based grocery stores (spaza and house shops), 120 alcohol retailers (shebeens and taverns) and 63 hair care enterprises (salons and barber shops). These ratios have thus served as a baseline to inform the respective amounts of operators included in each of the three dominant sub-categories. In a sample of 20 businesses in total, eight were spaza shops; seven were alcohol retailers; and five were hair care enterprises.

The overall dispersion of the three dominant sub-categories throughout Delft South (Map 5.2.1a), made it possible to achieve a spatial variety of enterprises interviewed. As illustrated in Map 3.2.6, the areas selected for fieldwork embody features of local significance; such as high footfall along the high street and comparatively low footfall in the predominantly residential sections of the area. Moreover, these fieldwork areas are fairly spread out relative to each other. This exercise was thus useful for honing in on the spatial workings as defined by the various considerations (both economic and otherwise) of the operators conducting informal businesses in the area, as well as for assessing the degree to which these considerations are taken into account by current state interventions.

Given the commonality of generally recognizable signage to denote the presence of enterprises of a given sort, unaided identification of businesses was possible once in the research areas; but some guidance from prior engagement with the SLF was also helpful. This technique is known as purposive or judgmental sampling, and is a non-probability sampling approach providing room for the researcher to draw on his/her knowledge of the population, research aim(s) and process in selecting a given sample for research participation (Babbie and Mouton, 2001). The study thus favoured this process over the snowball technique, in seeking to achieve a random and broadly defined sample promising a wider array of opinion; unconstrained by common (or lack thereof) affiliation to particular networks of any sort (Gastrow and Amit, 2013). Babbie and Mouton (2001) counsel

caution regarding the limitation of judgmental sampling, owing to its yielding of ultimately non-representative samples. Similarly, the sample used in this study was not representative, nor was a quantitative survey aimed for.

### **3.3. Data analysis**

On completion of the foregoing data generation techniques, the data was captured, categorized and coded in preparation for analysis. Excel spreadsheets were used to manage demographics necessary for illustrating key points. Whereas some interviews were recorded, others were not; owing to increased ambient noise interruptions. Nevertheless, all interview data was transcribed in detail.

Roulston et al. (2003: 657) encourage detailed transcription, not merely as a means to capture the “truth” of events during the interview, but also to ensure that the transcript provides a thorough account of the oral record; in keeping with the theoretical assumptions framing the study. Similarly, Patton (1987) suggests the extensive use of direct quotations from case actors as a highly effective technique for reflecting their perspectives and agendas; which may sometimes be hidden. As such, direct quotations serve to increase our level of engagement with complex phenomena. It was thus important to take this into account as regards the interview data gathered from Delft South.

Although most of the operators communicated their insights and experiences in isiXhosa, these were translated into English to retain as much of their original meaning as possible. Given that interview data is generated through a socially constructed investigation of the research topic, it therefore lends itself to multiple meanings (Poland, 2002). The suggestion by Patton (1987) therefore served as a source of clarification in this regard. In analyzing the research findings, the detailed nature of the questionnaire was useful for deriving themes for categorizing information. This was supplemented by extensive reference made to the assessment criteria established from the reviews of literature and policies in Chapters 2 and 4, respectively.

### **3.4. Methodological limitations**

Despite the effectiveness of the case study method in conducting research, Yin (1994, 2003, 2009b) nevertheless cautions us to the potential danger pertaining to the incorporation of the researcher’s own substantive thoughts into the research; which could ultimately call its objectivity into question.



Similarly, (Flyvbjerg, 2011) concedes that this method maintains a degree of bias towards verification. Thus, the study could become doubtful owing to its confirmation of the researcher's own preconceived ideas. On this point, it is worth acknowledging the potential dilution of the study. This owes to my prejudiced theoretical standpoint as regards the area's informal sector as well as the forces governing it. My limited experience of the area prior to conducting fieldwork had also led to personal interpretations of the local informal economic activities. In addition, most of my knowledge of the area during this time had been acquired from the extant body of area studies in the literature.

To this end, mitigating the potential dilution of my research necessitated the triangulation of evidence gathered from various sources, following Yin's (2003) suggestion. This was useful for identifying common viewpoints or arguments among the sources, and also ensured some level of accuracy of the data and interpretations presented in the research findings (Patton, 1987; Stake, 2006). Importantly, this measure also served to forestall both mine and the research participants' respective biases. Ultimately, it was done with the aim of drawing well-informed conclusions, as Yin (2009b) suggests. The foregoing limitation notwithstanding, it was nevertheless worth heeding the advice by Simons (2009), and aiming to strive for as honest and detailed an account of events and processes, as possible.

### **3.5. Ethical considerations**

Ensuring an ethical approach to my research necessitated that I refrain from engaging with highly sensitive and confidential subject matter, and that I observe the rules set by the University of Cape Town as stipulated in the Ethics Consent Form. Although the research participants agreed to provide their names, I have nevertheless refrained from using them in documenting the study; and all information obtained from interviews was utilized for the sole purpose of identifying current constraints to securer livelihoods of informal business operators in the study area. Moreover, it was used to guide the identification of more appropriate state intervention in response. Accordingly, it was important to provide prior explanation of the purpose of my research to all participants, in requesting their consent to continue any further. In addition to emphasizing the voluntary basis of participation in the interviews, it was also necessary to get consent to record interviews wherever possible.

I have been candid at all times as to the participants' right of veto over any sections of data; and I have thus reassured them of their right to indicate any sections they preferred omitted. I have also respected any information provided off the record, and have been upfront at all times in documenting it (where permission was granted). As such, participants also had the freedom to express *their* opinions (if any) as to my conclusions. Importantly, making use of the spatially mapped data necessitated that careful attention be paid to the university's ethics protocols, given the sensitive and confidential nature of the information contained therein. Nevertheless, I have remained committed, as a researcher, to documenting information as reflected by data and the research findings (Simons, 2009).

This chapter has unpacked the research methodology employed to answer the research question. The first section explained the case study method and its suitability in this regard. This was followed by a discussion of the accompanying data collection techniques in the second section. The third section reflected on the data analysis process. Methodological limitations were explained in the fourth section, together with the necessary measures employed to counter them. In closing, the fifth section discussed the ethical considerations guiding fieldwork in the study area.

## **Chapter 4: Policy Review**

A scan of the performance of South Africa's informal sector during the apartheid and post-apartheid periods reveals the persistence of state policy interventions which have successively shaped the working environment of small enterprises. This chapter critically analyses relevant national, provincial and local government legal and policy frameworks.

### **4.1. National government legal and policy frameworks**

Under apartheid, South Africa had a raft of legislation that stopped the establishment and functioning of black owned small businesses. During the transition this started to change. At the level of national policy-making, a significant intervention in this regard was the adoption of the Business Act of 1991. David et al. (2012: 58) note the historical focus on regulatory policies towards the informal sector; rather than developmental approaches to it. In an about-turn, the Business Act of 1991 obviated the need for business licenses among street vendors, and thus allowed the operation of small businesses. It was not until 1993 that the Business Act was amended to charge Local Government with the regulation of street trading through by-laws setting out the location and manner in which street trading was to take place (SALGA, 2012).

#### **4.1.1 Small Business Policy**

One of the first policy documents produced by the Department of Trade and Industry (DTI) was the 1995 White Paper on Small Business. This outlined a series of support measures for small, medium and micro enterprises (SMMEs) (Pretorius and Shaw, 2004: 222). The White Paper was subsequently enacted in 1996 as the National Small Business Act (David et al., 2012). The Act regards an SMME as:

[A] separate and distinct business entity, including co-operative enterprises and non-governmental organisations, managed by one owner or more persons which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or sub-sector of the economy [and] which can be classified as a micro-, a very small, a small or a medium enterprise.

(National Small Business Act, 1996: 2)

Whereas Luiz (2002: 4) notes that the micro category includes survivalist enterprises, Agupusi (2007: 4) draws a distinction between the two and considers survivalist enterprises to provide an income below the poverty line. For the author, micro enterprises are instead those businesses with a turnover below the VAT registration limit of R300 000 (Agupusi, 2007: 4). Although the figure of R200 000 as suggested by David et al. (2012: 59) is inconsistent with the former, the authors nevertheless note that most informal traders tend to fall under the micro category.

In ensuring that SMMEs facilitate job creation, the DTI's White Paper on SMMEs instituted a suite of support programmes for each of the enterprise categories as defined by the National business Act of 1996. This suite comprises the Khula Enterprise Finance Facility, charged with providing credit guarantee support mechanisms. Next are Manufacturing Advice Centres which advise SMMEs on strategies to improve productivity and international competitiveness. Lastly, the Ntsika Enterprise promotion Agency provides SMME support services through Local Business Services Centres (Cheru, 2001; Valodia, 2001; Devey, Skinner and Valodia, 2006). Nevertheless, in tracking the performance of these support programmes, Monkman (2003: 6) observes:

[A] preponderance of gaps between business needs and the types of services offered...a tendency to serve larger, small and medium enterprises better than smaller ones...low market awareness and usage of [DTI] agency programmes...cumbersome administration and discontinuity of programmes.

In his review of the impacts of SMME programs during the first ten years since their inception, Rogerson (2004: 774-782) similarly notes that:

DTI funding allocations for SMMEs have inevitably favoured...support for established small and medium enterprises...and, to a large extent, have by-passed microenterprises and the informal [sector].

For Devey et al. (2006), the scant support for the informal sector in national policy is reflected by the inefficient system of training services currently available. Owing to the informal sector workforce's general inability to finance the training services, training providers have been less eager to provide them; and the issue is further compounded by their fear to enter into the areas of workers to be trained (Devey, Skinner and Valodia, 2003, cited in Devey et al., 2006: 14).

#### 4.1.2 National Development Plan

More recently, the National Development Plan (NDP) of 2013 carries the explicit goal of eliminating poverty and reducing inequality in South African society. As such, the Plan proposes to increase public employment programmes to 1 million participants by 2015 and 2 million by 2020 (NPC, 2013: 28). Accordingly, the plan proposes that “as the number of formal- and informal-sector jobs expands, public work programmes can be scaled down” (NPC, 2013: 28). Chapter 11 of the Plan identifies the lack of social protection for those working in the informal sector, and proposes some actions towards providing for the social protection of the informal sector workforce. To this end, it seeks to:

Explore designs of...financing and institutional frameworks that enables those in the informal [sector] to participate in contributory social insurance schemes.

(NPC, 2013: 73)

Interestingly, the Plan acknowledges the “insufficient understanding in policy of the informal and adaptive strategies and livelihoods of the poor; [and that] the relationship between where people live and how they survive is often overlooked” (NPC, 2013: 266). Moreover, it argues that “there is also little support for the informal [sector], while township economies are unable to retain local spending power or attract productive investment” (NPC, 2013: 267). The Plan attributes this to the onerous commuting process plaguing those living far from opportunities of employment; further lamenting that planners tend to have little understanding of “informal livelihood practices and the challenges [that] these raise for flexible and empowering regulation” (NPC, 2013: 275). As part of its vision towards a broader social protection agenda, the Plan proposes that “social security mechanisms should be in place to cover risks associated with informal employment; [and that these should] provide income security...to those who have worked in the informal sector and those who were in low paying jobs” (NPC, 2013: 363-369). Importantly, it also encourages the informal sector workforce to “save during the periods when they are working so that they do not become entirely reliant on the old age grant; [and as such], mechanisms for making social security contributions should be available to those outside formal employment” (NPC, 2013: 369).

As a policy proposal to this end, the Plan states that “the unemployment assistance fund could be accessible to the informal sector and contract/temporary workers who have not contributed but can

prove they have worked for a particular period, [and that it could also] be extended to those without formal contracts who can prove they have worked for a particular period of time” (NPC, 2013: 371). This leads to the important acknowledgment that “the formal and informal sectors are interdependent and many formal sector supply chains can be traced back to the informal sector; [and as such], solutions to some informal sector problems should come from the formal sector and the formal sector should hold some responsibility for workers' safety in the informal sector” (NPC, 2013: 373). The Plan thus highlights the importance of trade unions and their role in “ensuring that social protection mechanisms are available to their members as well as workers in the informal economy; [and notes that] trade unions should explore ways of extending protection to their members when they lose their jobs” (NPC, 2013: 376). Finally, the creation of a future social protection system requires that “informal sector social protection schemes should mostly be financed through a combination of private fees, grants and government subsidies, [and] the government can facilitate access [to delivery mechanisms] either by implementing social protection schemes directly or by facilitating participation by other players” (NPC, 2013: 383).

Seemingly, the informal sector is taken into consideration by the NDP; and its efforts towards addressing it are laudable. However, it is worrying that the Plan makes little mention in the way of business approaches to this sector; as well as structural policies aimed at creating an enabling environment for, inter alia, those operating enterprises. Lund and Skinner (2005: 3) note that:

[E]ffective support for small enterprises is known to be difficult, requiring a range of interventions, from local to national, across sectors, and taking into account specific needs of small-scale operators.

Focusing specifically on spaza shops, Basardien et al. (2014) suggest the need for clear policy guidelines in support of this sub-sector. For these authors, this would entail that:

[N]ational governments...develop specific guidelines that take into considerations the needs, the nature, location and challenges faced by spaza owners [and that] infrastructural concerns... be addressed so as to facilitate clear developmental agendas in communities that have spaza shops.

(Basardien et al., 2014: 57)

However, the NDP fails to do this. With most of its support for the informal sector contemplated in its section on social protection, the NDP displays the common tendency by state legislation to tailor support to the informal sector by way of welfarist policy interventions; as observed by Skinner (2006). In so doing, much of the support proposed by the NDP is provided within the scope of poverty alleviation; as against that of business growth.

## **4.2 Provincial and city legal and policy frameworks**

There are a number of provincial and city legal and policy frameworks that have implications for the informal sector. Provincial legislation includes the Provincial Growth & Development Strategy and the Provincial Spatial Development Framework. At a city level, relevant policies include the CoCT's Economic Growth Strategy, the Integrated Human Settlements Five Year Strategic Plan, as well as the Cape Town Spatial Development Framework and Zoning Scheme. Of relevance as regards the regulation of liquor sales is the Western Cape Liquor Act. These will be considered in turn.

### **4.2.1 The Provincial Growth & Development Strategy (PGDS)**

A key guiding policy framework for the Western Cape Province is the Provincial Growth and Development Strategy (PGDS). To this end, the PGDS provides the provincial government with:

[A] clear strategic framework for accelerated and shared economic growth through a thorough developmental intervention in the Western Cape in favour of all its residents, particularly the poor, while restoring the ecosystems and resources essential to sustain shared economic growth within a coherent spatial development framework.

(PGWC, 2007: 5)

Among the purposes of the PGDS is to address the imperatives identified by national policy, within the context of the Western Cape Province; thereby also addressing the socio and spatial economic legacy of the apartheid regime (PGWC, 2007). The PGDS provides a definition of economic informality as:

[A] range of economic assets and activities that are not conventionally regulated and which are either marginalized from full public scrutiny and/or lack of public support.

(PGWC, 2007: 15)

Furthermore, it recognizes that “low wages, seasonality, inadequate environmental protection and low levels of unionization and benefit payments are among the generally inferior conditions of work of informal workers” (PGWC, 2007: 15). As such, it proposes lead interventions necessary to achieve shared growth and development principles through their delivery. Additionally, it aims to provide levers for the PGWC to realize these in relation to undertaking its core business more effectively; and thus to shift its development path (PGWC, 2007).

In its rationale for what it identifies as “the path-breaking, path-shaping and path-consolidating interventions [and their contribution] towards shifting the development trajectory of the Western Cape to realising the vision of shared growth and integrated, sustainable development” (PGWC, 2007: 42), the PGDS identifies the imperative of “addressing *poverty* and the *second economy*” (PGWC, 2007: 53, my emphasis). What this means in relation to its intentions for the informal sector of the Western Cape Province is, inter alia, the creation of employment via “higher income generation from informal-sector activities such as street trading” (PGWC, 2007: 53). This emanates from its recognition that “government policy could have the maximum impact in...SMMEs...and the informal sector” (PGWC, 2007: 54).

With no other reference made (throughout the PGDS) to concrete steps towards facilitative approaches and implementation strategies for the Western Cape Province’s informal sector, apparent from a reading of the foregoing rationale is the structural weakness embodied by the PGDS’s very perception of the informal sector as located within the ‘second economy’. Accordingly, this perception emanates from the national government’s economic policy under the behest of former President Thabo Mbeki’s argument that:

The first economy is an advanced, sophisticated economy, based on skilled labour, which is becoming more globally competitive; [whereas] the second (economy) is a mainly informal, marginalized, unskilled economy, populated by the unemployed and those unemployable in the formal sector.

(Faull, 2005, cited in Harrison, Todes and Watson, 2008: 229)



For Devey et al. (2006: 20), the claims made by the former President's Office have been far-reaching in the way of directing attention to an area of employment that had previously been at the purview of policy debates. Nevertheless, the authors caution that where the notion of the 'second economy' is concerned:

The most critical weakness of government policy... [issues from] the premise that the mainstream of the economy is working rather well, and government action is now needed to enhance the linkages between the first and second economy, and where appropriate to provide relief, such as public works programmes, to those locked in the informal [sector].

(Devey et al, 2006: 20-21)

The upshot of this critique in relation to the PGDS is then that, not only does it fail to "view the informal [sector] as an integrated... part of [the] economy (Devey et al., 2006: 21), but it too falls into the trap of regarding the informal sector through the lens of poverty alleviation (Skinner, 2006); rather than through one of facilitative policy design.

#### **4.2.2 Western Cape Provincial Spatial Development Framework**

The NDP gives strategic direction to the 2013 Western Cape Provincial Spatial Development Framework (PSDF); particularly as regards the spatial priorities of the Plan for building the required national capabilities. These priorities are urban and rural transformation, improving infrastructure, as well as building environmental sustainability and resilience (PGWC, 2013: 12). To this end, the PSDF identifies where growth is happening in the province and where it should be located in the future. Moreover, it speaks to the form that this growth or development should take. Placing emphasis on the restructuring of urban settlements to facilitate their sustainability, among the guiding principles of the PSDF are spatial justice, spatial efficiency and accessibility. As such, the PSDF envisions a socially just society as being one whose settlement forms are compact; with adequate access to services, facilities, employment, training and recreation, including improving the choice of safe and efficient transport modes (PGWC, 2013).

In attending to the spatial aspects of informal economic activities at a provincial scale, Policy S3 seeks to ensure compact, balanced and strategically aligned activities and land uses. As regards the Western Cape's informal sector, this means:

[Responding] to the logic of formal and informal markets in such a way as to retain the flexibility required by the poor and [enabling] settlement and land use patterns that support informal livelihood opportunities rather than [undermining] them.

(PGWC, 2013: 80)

Moreover, the PSDF acknowledges the role of housing on the informal livelihood strategies of the poor. To this end, it holds that:

In order to create integrated and sustainable communities with access to social and economic opportunities throughout the province, the housing focus should shift towards diversifying and aligning housing projects with economic opportunities, increasing the supply and proper management of affordable rental accommodation and also bring the formal and informal sectors together into one unified market.

(PGWC, 2013: 86)

With these as the only projections made by the PSDF in relation to the informal sector, it is clear that this legislative framework offers little else in the way of creating a supportive policy environment necessary to increase the productivity of informal enterprises. Moreover, it does not suggest targeted policies towards measures for either increasing or ensuring stable incomes for those operating informal businesses.

#### **4.2.3 The City of Cape Town's Economic Growth Strategy**

The City of Cape Town's (CoCT) Economic Growth Strategy (EGS) aligns with its overarching objective to grow the economy and to facilitate job creation. The CoCT recognizes the impending increase in unemployment as well as the poverty implications thereof. This condition stands to be compounded by the CoCT's projected growth rate and annual demand for city services. The consequences might thus prove dire if this situation is not addressed (CoCT: 2013). As such, the EGS assumes the CoCT's response to both the foregoing, as well as:

The rapid shift in investment and commercial activity towards the urban centres of the East and South...and structural changes in the domestic economy, particularly in the Western Cape, towards the tertiary sector.

(CoCT: 2013: 2)

The EGS considers job creation, poverty reduction and skills development as the three essential elements of inclusive growth. To this end, a critical mandate on the part of the CoCT, as local government, is “its *regulation* of the informal sector... [with particular emphasis] on developing relevant, marketable skills at scale” (CoCT, 2013: 3, my emphasis). Notably, the EGS premises its intentions on the acknowledgement that:

For a significant, and growing, portion of the region’s population... skills development programmes are less of an immediate concern than is earning a living wage; [and that] the informal sector is [their] key site of entrepreneurial activity and a source of employment.

(CoCT, 2013: 29)

As such, the EGS envisions a “positive and enabling role” to be played by the CoCT, the better to “[coordinate] its local development programmes and [to introduce] regulatory changes that facilitate genuine entrepreneurial activity in the informal [sector]” (CoCT, 2013: 29).

As part of the EGS’s outline of measures towards the CoCT’s inclusive growth through jobs and skills, Strategy 1 of Chapter 3 issues from its identification of entrepreneurial activity in the CoCT as a domain scarcely “limited to the formal business activities of small and medium enterprises... [but instead as one experiencing the] crucial role [of the informal sector] as a generator of income and jobs” (CoCT, 2013: 29). As such, the informal sector’s immense employment generation potential is noted; as is the likelihood that low and semi-skilled people stand to benefit from it the most. Conceding that “past efforts to facilitate the development of informal enterprises were hampered by a lack of business intelligence and poor inter and intra-departmental coordination” (CoCT, 2013: 30), Strategy 1 addresses this by seeking to:

- Integrate the functions of Local Area Economic Development (LAED) and Business Area Management (BAM)
- Implement a staffing strategy to improve departmental skills and expertise
- Simplify the existing trading plan development process and methodology
- Implement a sector growth strategy focused on developing specialised clusters and markets that moves beyond trading to include other forms of informal entrepreneurship.

As regards appropriate policy interventions for the informal sector, David et al. (2012: 56) reflect on the “developmental and inclusive approach” espoused in the municipal guidelines proposed by SALGA. For the authors, the promise in these guidelines is partially attributable to their achievement of a “balance between the need to regulate the sector and the need to support livelihoods and job creation [in line with] the developmental agenda of the State” (David et al., 2012: 56).

Adopting a similar approach towards the informal sector, the CoCT EGS sees importance in the “regulation” thereof (CoCT, 2013: 3). However, this regulation is to be accompanied by “developing marketable skills” among its workforce (CoCT, 2013: 3). As such, this resembles the ‘balanced approach’ endorsed by David et al. (2012: 56).

Also evident in the EGS is the prioritization on skills development as a necessity for the informal sector workforce. This view resonates with the emphasis by Barsadien et al. (2014: 57) on the need for education and training where the informal sector is concerned. Liimatainen (2002, cited in Lund and Skinner, 2005: 12) agrees, and further intimates that this results in “improved productivity, better working conditions and the promotion of decent work”. Importantly, skills training has been found to broaden the scope for innovative business practices (Basardien et al., 2014: 55). As such, the intentions of the EGS are commendable in this regard.

The “positive and enabling role” envisioned by the EGS is further reflected by its emphasis on promoting “genuine *entrepreneurial* activity in the informal [sector]” (CoCT, 2013: 29, my emphasis). Ligthelm (2008: 379) highlights the importance of “entrepreneurial behaviour as the key variable in informal business growth and development”. For Basardien et al. (2014: 55), this results from the “ability and will to be self-directed in the pursuit of business opportunities”, as displayed by ‘genuine entrepreneurs’. As such, the EGS assumes a favourable stance in seeking to increase the “entrepreneurial acumen” (Ligthelm, 2008: 368) of the informal sector workforce. Notable is that whereas the aforementioned SMME programmes have all but foundered due to their failure to “develop entrepreneurial culture” (Monkman, 2003:4, cited in Ligthelm, 2008: 368), the EGS’s interventions promise to avoid a similar fate. Instead, what the EGS proposes are interventions that regard the informal sector as comprising “working people” who are also “economic actors” in earnest (Lund and Skinner, 2005: 7).

#### 4.2.4 Integrated Human Settlements Five Year Strategic Plan (2012 - 2017)

The CoCT's Integrated Human Settlements Five Year Strategic Plan (IHSSP) aims to facilitate the creation of "sustainable integrated human settlements" through enhancing the built fabric and environment of communities within the municipality (CoCT, 2012a: iv). Notably, it aims to do this "with a specific focus on improving the livelihood of the poor" (CoCT, 2012a: iv). Unpacking its vision further, it seeks to align its mandate of rapid housing delivery with "quality of life objectives" which include "reducing travelling time and costs from residential areas to places of economic and recreational amenities" (CoCT, 2012a: iv). It is then in this way that it hopes to "lead in the social and economic development of disadvantaged areas" (CoCT, 2012a: iv). Its mission to create "a more caring city" is to be achieved by, inter alia, "creating new living spaces that promote both economic and social cohesion" (CoCT, 2012a: 1). To this end, the Plan believes that:

Integrated human settlements will contribute to a more compact settlement form, and will provide a range of housing and socio-economic opportunities to those who will live there.

(CoCT, 2012a: 11)

Interestingly, the Plan also proposes to:

[C]reate integrated human settlements where people can live in a meaningful manner, not only taking care of their housing needs but also other economic and social needs.

(CoCT, 2012a: 22)

Accordingly, it aims to achieve this through an approach that takes into account "people's future ability to take care of themselves" (CoCT, 2012a: 22).

The IHSSP identifies an interesting point of departure in aiming to deliver housing with a "focus on improving the livelihood of the poor" (CoCT, 2012a: iv). However, it makes no reference to those livelihoods that entail home-based income generating activities. This is unfortunate in light of the key role assumed by these activities in poverty alleviation where poor households are concerned

(Charman et al., 2012a, 2013). Moreover, the Plan's intention to "reduce travelling time and costs from residential areas to places of economic and recreational amenities" (CoCT, 2012a: iv) is laudable. However, this does not recognize the home's capacity to constitute such economic amenity; particularly in disadvantaged areas (Chen 2012, 2014).

In aiming to "provide a range of housing and socio-economic opportunities" (CoCT, 2012a: 11), the Plan makes some gestures towards incorporating informal economic activities. Yet it offers no explicit indication of this. Where it proposes to take care of "other economic and social needs" (CoCT, 2012a: 11) other than those related to housing alone, it offers no further specification of the former. It is interesting that the Plan envisions to ensure "people's future ability to take care of themselves" (CoCT, 2012a: 22). However, this is already happening in many settlements; and the informal sector plays a significant role in this regard (Cichello et al., 2011; Gough et al., 2003; Tipple, 2005). Nevertheless, the IHSSP remains mute on this.

#### **4.2.5 Cape Town Spatial Development Framework and Zoning Scheme**

Adopted in 2012, the Cape Town Spatial Development Framework (CTSDF) is a long-term (20-year) plan aiming to respond to rapid urban expansion and foster sustained economic growth. The framework links to the City Integrated Development Plan with a view to managing future growth and change in the CoCT. Furthermore, it aligns the CoCT's spatial development strategies and policies with relevant national and provincial spatial principles, strategies and policies; with the overall intention to provide a vision of the desired spatial form and structure of the CoCT (CTSDF, 2012). The framework concedes that

Cape Town remains characterised by social exclusion, and needs to integrate different income levels, and create environments that provide a greater mix of land uses.

(CTSDF, 2012: 23).

In aiming to "Unlock employment generating opportunities in the Metro Southeast and Atlantis" (Policy 7), the CTSDF addresses the foregoing realities (CTSDF, 2012: 37). Notably, Policy 3 seeks to "Introduce land use policies and mechanisms that will support the development of small businesses", be they formal or informal (CTSDF, 2012: 36). Policy 37 seeks to "Transform townships and informal settlements into economically and socially integrated neighbourhoods" (CTSDF, 2012:

59); while Policy 40 seeks to “Generally support development, rezoning, subdivision and similar applications that promote a greater mix of land uses, people and/or densities” (CTSDF, 2012: 62). However, Policy 41 seeks to “Ensure that land uses and built form within predominantly residential areas support the daily functioning of those areas, and contribute to their overall well-being and safety” (CTSDF, 2012: 62). As such, a list of “land uses likely to be incompatible with predominantly residential areas” is included (CTSDF, 2012: 62). Here, “shebeens and liquor outlets” as well as “activities that create unacceptably high levels of noise outside of normal business hours”, are mentioned; in addition to “activities associated with the auto repair industry, such as panel beaters” (CTSDF, 2012: 62).

The CTSDF therefore clearly expresses its intention to support the informal sector through spatial development land use policies. This is further reflected by its willingness to create mixed-use neighbourhoods which integrate residential land uses together with various other commercial land uses. Its proposed support for development, rezoning and subdivision applications to this effect is also notable. Nevertheless, a more stringent stance is evidenced by its exclusion of certain activities from its scope of support.

The Cape Town Zoning Scheme (CTZS) was promulgated in 2012 and articulates the goals of the CTSDF for implementation. As such, it formally determines the use of all landholdings in the CoCT. The CTZS provides designations for single-family residential zones 1 and 2 (SR1 and SR2). Both of these designations identify a “dwelling house” as being among their primary uses (CoCT, 2012b: 30-34). Of these zones, SR1 incorporates “limited employment” activity; and instead identifies a “house shop” as a “consent use” to be applied or re-zoned for (CoCT, 2012b: 30). However, the CTZS acknowledges “the realities of poor and marginalised communities” (CoCT, 2012b: 34). SR2 therefore accommodates house shop activities as an “additional use right”, in ensuring that “local employment generation is encouraged” (CoCT, 2012b: 34). This means that HBEs need not apply for a rezoning in these zones. Nevertheless, “no activities shall be carried out which constitute or are likely to constitute a source of nuisance, including the use of equipment that generates excessive noise; [and] Council may, at any stage, call for a cessation of the land use or activity, or impose conditions in order to minimise any potential nuisance to surrounding neighbours or the general public” (CoCT, 2012b: 34).

The SR2 zone is subject to conditions which include the following:

- The extent and position of the retail component [...] shall not exceed 40 m<sup>2</sup> or 40% of the total floor space of the dwelling, whichever is the lesser area;
- in addition to the house shop, the property shall contain a dwelling which shall be occupied by the proprietor of the house shop;
- no more than three persons in total shall be engaged in retail activities on the property, including the occupant or occupants and any assistants;
- the area used for a house shop may not open directly onto a bedroom or toilet, and no goods which will be sold from the house shop may be stored in a bedroom or toilet;
- The house shop shall not operate outside the hours of 07:00 to 21:00 on Mondays to Saturdays and 08:00 to 13:00 on public holidays or Sundays.

(CoCT, 2012b: 35-36)

In addition to the above conditions for operating house shops are the prohibitions of “vending machines, gaming machines, video games or pool tables, [as well as the] sale of alcoholic beverages” (CoCT, 2012b: 35). Council approval is thus required in order to operate these businesses.

Following a precedent study of the nodal concentration of business activities in Eveline Street, Windhoek (Namibia), the CoCT intends to implement its ‘high-street’ model by creating ‘business corridors’ in the townships of Gugulethu, Delft, Nyanga, Philippi, Mfuleni, Khayelitsha, Harare and the TR Section (IOL, 2012, cited in Charman, 2012b: 5). This will entail the clustering of certain enterprises in areas of local and general business zone designations (LB and GB). As such, many high streets have been subsequently zoned to accommodate enterprises relocated from residential areas. Many of these businesses are shebeens (Meyer, 2012, cited in Charman, 2012b: 5).

As part of its Economic Growth and Harm Reduction Strategy, the CoCT intends to avoid the economic strife likely to befall many shebeen owners whose businesses might be closed as a result of its aforementioned aims. In so doing, it is envisioned that the “increased thoroughfare in [the high streets] will have the benefit of creating a safer space for business transactions, as well as enabling the shops to reach a far greater consumer base” (CoCT, 2102, cited in Smit, 2014: 73). The CoCT further justifies this strategy as one which will be beneficial to residents, in light of their “[complaints about] noise disruption and anti-social behavior” (CoCT, 2102, cited in Smit, 2014: 73). Accordingly, it aims to align this strategy with its Violence Prevention through Urban Upgrading (VPUU) programme (Maregele, 2012, cited in Smit, 2014: 73).



The potential suitability of the high street model notwithstanding, it is nevertheless worth assessing it in light of the CoCT's Draft Analysis of the Cape Town Spatial Economy (CTSE) (2010). While the CTSE acknowledges that the CoCT "has both nodal and linear elements to its spatial-economic structure" (CTSE, 2010: 7), it nevertheless notes the following:

[T]he pattern of economic activity is more nodal than linear. In addition, much of the city's population is concentrated in a dense "node" in the south east.

(CTSE, 2010: 7)

Instead, corridors necessitate operable urban transport corridors; whereas nodes tend to favour efficient point-to-point travel (CTSE, 2010). The township context presents a stark nodal impact, the localized nature of which can be further attributed to the fact that residents mainly conduct their local business on foot owing to the prevalent lack of motor vehicle ownership (Charman et al., 2012b: 5). It is therefore in this regard that political support for the high street model proves to be contradictory.

### **The regulation of liquor sales**

A final element of this policy analysis is the regulation of the sale of alcohol. This is important given its prevalence in the township economy.

Smit (2014) presents the discourses which have informed policies guiding the regulation of alcohol retailing in South Africa. Chief among them are the public health discourse, the economic discourse and the socio-cultural discourse (Smit, 2014: 60). Of these discourses, it is the first two that have had a significant influence on the regulation of alcohol retailing in the Western Cape Province.

Accordingly, such regulation has been enacted through the Western Cape Liquor Act No. 4 of 2008 and the CTZS of 2012 (Smit, 2014). These discourses are summarized in turn.

This discourse emanates from public health research on alcohol. It posits that alcohol can have health benefits if consumed in moderation. Alternatively, negative implications arise from frequent and reckless consumption. As such, the state should be in charge of regulating access to it (Smit,

2014: 63). The implications of this discourse on shebeens, particularly those legalized, are such that greater control and law enforcement on these venues are advocated (Smit, 2014: 67).

Espoused by this discourse is the view of shebeens as economic endeavours providing livelihoods for many (Smit, 2014: 67). Construed thus, these activities require support as they hold the promise of boosting the economy. The author notes the long-standing effect of this discourse on alcohol policy-making processes in South Africa. This owes to the state's view of alcohol regulation as a competency falling under its various economic affairs departments charged with drafting policies which promote job creation and economic growth (Smit, 2014: 68). As regards alcohol retailing, shebeens thus "need to be formalized, not restricted and reduced" (Smit, 2014: 68).

This discourse is centered on the social and cultural milieu wherein alcohol is consumed. Although less clear than the foregoing discourses, it nevertheless discerns the importance of shebeens in townships and informal settlements (Smit, 2014: 68). The main proponents of this discourse are tourist and hospitality industries mainly advertising alcohol consumption in shebeens as part of various tours and events. Smit (2014: 69) highlights the descriptive nature of the discourse as well as the lack of clear strategies informed by it. Nevertheless, it promotes shebeens as recreational spaces in contexts lacking these.

In 2008 the Western Cape Liquor Act was promulgated. Section 32(1) of the Act states that "a person may not micro-manufacture or sell liquor unless authorized to do so in terms of this Act, the Liquor Act or the Liquor Act, 1989 (Act 27 of 1989)" (PGWC, 2008: 17). As such, failure to obey this instruction renders the person in question "guilty of an offence" (PGWC, 2008: 17). The granting of liquor licence applications is the responsibility of the Western Cape Liquor Licensing Tribunal, as established by Section 15(1) of the Act. This Tribunal reserves the right to disqualify liquor licence applications in the event of insufficient demonstration that "the granting of the application does not prejudice the residents of a residential area" (PGWC, 2008: 17). Section 36(1) of the Act requires that the liquor licence application procedure entail furnishing the Western Cape Liquor Board with, inter alia, a zoning certificate and "a copy of a planning application submitted to the municipality concerned in terms of applicable planning legislation" (PGWC, 2008: 18).

Critically, the Act seeks to apply liquor licence enforcement to shebeens in townships, as these are areas previously not attended to in this regard (Smit, 2014: 71). Township licence applicants may therefore not run the business from a location of close proximity to an educational or religious

institution (PGWC, 2008: 17). Additionally, their application must obtain endorsement from the ward councilor and adequately address objections from community interest groups (PGWC, 2008: 19). Smit (2014: 71) notes the slight role that local authorities have always had in regulating the location and operation of alcohol outlets through land use management regulations. However, these authorities have had no prior involvement in liquor licensing. By integrating land use management and liquor licensing, local authorities are thus empowered to have greater influence in the formalization of shebeens. As such, this implies an increased integration between provincial liquor licensing processes and local government land use management processes (Smit, 2014: 71).

By adopting the aforementioned high street model, the Act thus aims to relocate shebeens to “zones in which alcohol may be legally sold and consumed” (PGWC, 2012, cited in Smit, 2014: 71). In addition, the resultant high streets:

[W]ill provide secure business environments with increased lighting, policing, pedestrian walkways and partnerships with taxi associations to ensure that people drink more responsibly and get home safely.

(PGWC, 2012, cited in Smit, 2014: 71)

The Act also reduces permissible trading hours and promotes training for alcohol retailers as regards not selling to minors or intoxicated patrons (PGWC, 2008: 21-26). For Petersen and Charman (2010: 103), this reflects the PGWC’s intention to address the societal costs of liquor consumption. These include the links between alcohol abuse and crime, coupled with its health and social implications (Petersen and Charman, 2010: 103). Indeed, this sentiment has been expressed by Premier Helen Zille in her concern that “alcohol drives the rate of violence” (Meyer, 2012, cited in Herrick and Charman, 2014: 26). The implementation of the Act was thus also accompanied by an announcement from the Provincial Minister for Economic Affairs and Tourism, stating its aim to “reduce the number of drinking spots in residential areas”; as well as to “crack down on distributors and retailers who supply...illegal shebeens...” (PGWC, 2012, cited in Smit, 2014: 71). To this end, Premier Helen Zille highlighted that the Western Cape Liquor Board, in collaboration with SAPS and the CoCT’s Law Enforcement Branch, had thus been “conducting blitzes across the province and imposing heavy fines against owners who were not complying with liquor regulations” (PGWC, 2013, cited in Herrick and Charman, 2014: 26).

From an assessment of the Western Cape Liquor Act, some noteworthy intentions are apparent. 'Pro-public' provisions are reflected in its acknowledgement of the heavy burden on society which alcohol abuse is capable of creating. Further resembling this stance is its discouragement of liquor retailing close to areas of learning and recreation. The Act is also mindful of the importance of creating awareness as to responsible ways of selling alcohol. However, it arguably places too much emphasis on policing as a means to achieving its aims. Of much concern is also its utter exclusion of shebeens from its regulatory framework. In so doing, it loses out on the opportunity to realize its aims through incorporating a sector that assumes the largest share of alcohol retailing in South Africa (see Webster et al., 2008: 27). This lack of support is further characterised by its unreasonable expectation of closing down *all* outlets that fail to conform to its requirements. Not only is this harmful to a part of the sector that needs support the most, but it also disregards the imperative for survival which motivates its existence.

In conclusion, it is clear that the state both has and continues to acknowledge the informal sector's role as a means of livelihood for many households. This is evidenced by the references made to it in the various legal frameworks considered in this chapter. Of concern, however, is the tendency on the part of national government to view it as a 'second economy', and thus a problem to be rooted out in favour of a 'first economy' which promises a better life for all citizens. Local strategies to address the informal sector similarly fall short of being in tune with the needs of its workforce. While the imperative for supporting it (where indicated) is clear, measures to ensure this often place more emphasis on regulation. Some policy guidelines advanced have made notable attempts at creating an enabling environment for workers in the informal sector. Nevertheless, the overall approach by officialdom is often piecemeal and largely ineffective.

## Chapter 5: Research Findings

This chapter presents the findings from fieldwork conducted in Delft South. The chapter is divided into five sections. The first provides a contextual analysis of the study area, before turning to a reflection on previous findings gleaned from prior studies in the second section. Proceeding from this critical point of departure, the third section systematically unpacks the results from the fieldwork. In so doing, it answers the primary research question: What are the key constraints to securer informal livelihoods in Delft South? In addition, answers to the related subsidiary questions are also provided. The fourth section presents a spatial analysis of the individual enterprises surveyed during fieldwork. A summary of findings in the fifth section is useful in locating the position of Delft South's home-based informal livelihoods in relation to similar informal operators in the developing world.

### 5.1. Context of the study area

The township of Delft South (situated within greater Delft) has come to present an interesting locality, what with its racial mixture of households (Coloured and African) that acquired government-built houses in the new settlements as part of the national Reconstruction and Development Programme (Seekings, 2010). Formally settled in the 1990s, Delft South was one of the first mixed-race townships to emerge in Cape Town. Due to this, it deviated from the apartheid tradition of segregating Coloured from black African communities (Charman and Piper, 2011; Seekings, 2010). The first houses were built around 1996 for the Coloured population originally residing in the suburbs of greater Delft, as well as the African population from the informal settlements established during the mid to late 1980s (Charman and Piper, 2011).

Map 5.1 illustrates the context of the study area. Delft South is located on the periphery of the City of Cape Town and comprises a residential population of 44 827 persons (23 831 adults), living in 10 278 households (Charman et al., 2013: 7 drawing on census data). Today, it is a racially diverse community made up of around 60% Coloured and 40% black African (predominantly Xhosa) peoples (Charman et al., 2012a: 52). Charman et al. (2013: 7) revealed that about 61% of the working-age population in the area is not economically active; while most of the 39% who are employed work in semi-skilled jobs within the service and manufacturing sectors. Within the whole of greater Delft, unemployment is higher in the portion of Delft South (38%); compared to the neighbouring

Eindhoven (27%) (Charman et al., 2013: 7). Whereas the monthly income per capita of Eindhoven is R1 008; that of Delft South is R732, thus equating to an average household income of R2 928 (CensusPlus, 2007, cited in Charman et al., 2012a: 54). Due to the spatial separation of greater Delft from the Cape Town city centre, residents of the area rely heavily on public transport for access to employment and commercial areas.

With the heterogeneous cultural, linguistic and religious backgrounds of its residents set against socio-economic characteristics of high unemployment and low household income, Delft South is a prime example of a township where informal micro-enterprises are considered to be a key livelihood strategy for a population experiencing low levels of employment. The area comprises a mixture of micro-enterprises which render services such as hair care and car repairs; as well as those which trade in goods such as groceries, fast food and clothing. Moreover, most of these business ventures operate from the home-base (Charman et al., 2013). Notably, economic activities in the area are predominantly informal and are dominated by small-scale traders and producers of basic consumer goods and services; with low levels of investment in physical capital. Moreover, the demand for goods and services occurs at a neighbourhood level, as residents prefer access to shops and services that are within walking distance from their homes (Charman and Piper, 2011). This will be further demonstrated by the spatial analysis in the following section.

## **5.2. Learning from prior research: insights from the SLF project in Delft South**

In 2011, the SLF conducted a census of all informal activities in Delft South. They identified 818 registered and unregistered informal micro-enterprises in the area. This is in contrast to a figure of 123, as identified during an earlier survey conducted by the City of Cape Town (Charman et al., 2012a: 57). The SLF data provides important baseline information for the current study, but their mapping of informal activities also allows for a comprehensive spatial analysis of the area's informal sector.

### **5.2.1. Assessment of spatial distribution of informal enterprises**

An assessment of the spatial distribution of informal economic enterprises operating within the extents of the township (Map 5.2.1a) highlights the overall salience of the area's informal sector. Whereas some pockets within the township display a fairly limited presence of informal economic

activities, these 'dead zones' remain comparatively few. Also evident is the sporadic clustering of various activities in some sections of the township, notably along the high street (Delft Main Road). Nevertheless, the informal enterprises remain largely dispersed throughout the township. This even spread offers the convenience of location within close proximity to residences in the area. Critically, the enterprises comprise various sub-categories; most notably, home-based grocery stores (spazas and house shops), home-based alcohol retailers (shebeens and taverns), as well as hair care enterprises (salons and barber shops). These are the dominant sub-categories in descending order of frequency.

Map 5.2.1b illustrates a spatial representation of the relationship between the aforementioned dominant sub-categories of Delft South's informal sector. Noticeable is a fairly even distribution of home-based grocery stores and alcohol retailers throughout the township, as compared to hair care enterprises. Instead, the latter sub-category is sparse and displays more frequency nearer to the western boundary of the township. Also noticeable is its presence along the high street, although this too is at a fairly minor degree. The most evident clustering of home-based grocery stores and alcohol retailers occurs close to the lower northern boundary of the township. Apart from this area, instances of occasional clustering occur in various sections within the township. Noticeable is their prominence within residential areas of the township (particularly spaza shops and alcohol retailers), thus ensuring convenience to residents.

The spatial distribution of home-based grocery stores throughout the township (Map 5.2.1c) displays overall evenness; save for occasional dead zones in various sections. The bulk of these are seen close to the western boundary of the township. Nevertheless, clustering occurs along the portion of the high street closest to this boundary. In addition, fairly dense concentrations are noticeable in the adjacent sections lying immediately north and south of this portion of the high street. Progressing in a north-easterly direction, the occurrence of home-based grocery stores gradually becomes sparse in comparison; with some minor clustering closest to the upper northern boundary of the township. Notably, a further disaggregation of the spaza sub-category into those enterprises owned by foreign nationals as against those owned by South African citizens (Map 5.2.1d) reveals the significant and slightly stronger presence of foreigners within this sub-category of Delft South's informal sector. Whereas a total of 90 enterprises are owned by foreigners, 89 are owned by South African citizens.

Map 5.2.1e illustrates a spatial representation of the home-based alcohol retailers operating within the township. Although fairly dispersed throughout the township, these enterprises occur more

frequently in areas flanking the middle portion of the high street; with sparser concentrations close to the western and upper northern boundaries, respectively. Moreover, the enterprises occur in a relatively larger concentration close to the lower northern boundary; followed by a marked absence in the area lying immediately north-east of this section. Some again emerge close to the north-eastern boundary of the township; albeit in a small quantity.

As seen in Map 5.2.1f, the spatial distribution of hair care enterprises is spread unevenly across the township. Minor concentrations appear closer to the western boundary of the township. In this section, mild clustering occurs northwards of the high street; as compared to a relative dispersion noticeable in the opposite direction. Apart from a few enterprises strewn closer to the north-eastern boundary of the township, a fair amount is also noticeable along the high street towards the upper northern boundary.

#### **5.2.2. Land use zoning categories**

Map 5.2.2a illustrates a spatial representation of the land use zoning categories in Delft South, as promulgated by the 2012 CTZS. Notably for the current assessment, the most strikingly evident feature from this map is the predominance of the SR2 designation in all residentially-zoned land parcels within the township. This has significant implications for HBEs operating on these parcels. With the operation of house shop activities granted as an “additional use right”, this renders HBEs in these zones effectively immune from consent as well as rezoning applications in relation to conducting business activities (CoCT, 2012b: 34). Nevertheless, there remain conditions to which these enterprises are required to adhere (Please see Section 4.2.5 for further elaboration).

Map 5.2.2b illustrates the relationship between the dominant sub-categories of Delft South’s informal sector and the land use zoning categories of land parcels within the township. Immediately noticeable is a distribution of informal enterprises largely falling within the SR2 zone; save for very few instances of enterprises positioned within areas designated Community Zone 1: Local (CO1), Community Zone 2: Regional (CO2), as well as General Business Zone 1: Local (GB1). As such, it can be concluded that the overall distribution of enterprises on the SR2 zone is even. In contemplating the influence of land use planning on the spatiality of the township’s informal sector, what is apparent is that the permissive nature of the SR2 zone is consonant with the generous spread of these activities in the residentially-zoned areas. However, those enterprises prohibited from operating within this zone are likely to lose out on the opportunity of attracting customers living



nearby, should they relocate out of these areas, as proposed by the high street model (see Section 4.2.5). As such, the implementation of this model would effectively undermine the forces of localized demand on which these enterprises so heavily rely for their survival.

Ultimately, the findings from the SLF project have been instructive in establishing the macro-contextual climate wherein the informal sector of Delft South is situated. Importantly, the findings provide a framework for facilitating further analysis and engagement with the insights of the township's informal business operators in relation to the current status of their enterprises. To this end, the findings further allow for a spatial lens through which to conduct the said exercise. Accordingly, it is to a discussion of the upshot thereof that the chapter now turns.

### 5.3. Findings from current study in Delft South

#### 5.3.1. Basic demographics and enterprise characteristics

Table 5.1 reflects the sample of informal enterprise operators included in the current research. Included herein are demographics including sex, nationality, race, sector, and the location of the operators' enterprises relative to the high street.

**Table 5.1: Basic demographics**

Respondent	Sex	Nationality	Race	Sector	Location
1	F	South African	Black	Shebeen	Non high street
2	F	South African	Black	Shebeen	Non high street
3	F	South African	Black	Shebeen	Non high street
4	F	South African	Black	Shebeen	Non high street
5	M	Nigerian	Black	Barber shop	High street
6	M	South African	Black	Spaza / Tavern	Non high street
7	M	Congolese	Black	Salon	High street
8	M	South African	Black	Tavern	Non high street
9	F	South African	Black	Tavern	Non high street
10	F	South African	Black	Tavern	Non high street
11	F	Nigerian	Black	Salon	Non high street
12	F	Congolese	Black	Barber shop	Non high street
13	M	South African	Coloured	Spaza	High street
14	M	Tanzanian	Black	Spaza	Non high street

15	M	Somalian	Black	Spaza	Non high street
16	M	South African	Black	Spaza	Non high street
17	M	South African	Black	Spaza	Non high street
18	M	South African	Black	Spaza	Non high street
19	F	South African	Black	Spaza	Non high street
20	F	South African	Black	Salon	High street

Whereas the split between sexes is even, noticeable in the way of race and nationality is the predominance of black South Africans. Despite Delft South's racial diversity as intimated by Charman et al. (2012a: 52), the sample is not demonstrative of this condition. In addition, the sample's overall representation of foreigners is minor, as compared to that of South Africans. Many foreigners approached for interviews were suspicious and generally reluctant to participate in the research. This applied mostly to those operating spazas.

On this note, possible reasons for this have been suggested elsewhere (Skinner, 2006). Neves and du Toit (2012) attribute this partly to a complex of impediments experienced in the way of, inter alia, violent clashes with South Africans for reasons including, but not limited to business competition and xenophobia (see Section 2.5.3). Moreover, Skinner (2006: 129) cites the group's lack of proper documentation in relation to citizenship and the plying of their trades. A further upshot of their reluctance to be interviewed is that the meagre representation of foreigners within the spaza category of the sample deviates from the actual macro-context of this sub-category within Delft South's informal sector, as reflected in the overall breakdown by the findings of the SLF project (Map 5.2.1d). Nevertheless, the countries of birth of those who agreed to participate were noted; as well the periods of their arrival into South Africa. As seen in Table 5.1, countries represented in the sample, apart from South Africa, are Nigeria, Somalia, the Democratic Republic of Congo (DRC), and Tanzania. With the arrival periods of these operators falling between the years 2010 and 2013, it is clear that the foreigners interviewed are comparative new-comers.

**Table 5.2: Basic demographics**

Respondent	Age	Education	No. of children	Dependents	Income earners	Sector	Employees
1	42	Grade 10	2	2	1	Shebeen	2
2	50	Grade 11	2	2	1	Shebeen	0
3	44	Grade 9	4	6	1	Shebeen	0
4	47	Grade 9	3	3	1	Shebeen	0
5	26	Grade 12	0	1	1	Barber shop	0
6	45	Grade 12	5	6	2	Spaza / Tavern	2
7	36	Grade 12	2	2	1	Salon	2
8	47	Grade 8	6	4	1	Tavern	3
9	45	Grade 12	5	6	1	Tavern	3
10	43	Grade 12	3	3	2	Tavern	3
11	30	Grade 12	2	2	1	Salon	2
12	33	Grade 11	1	1	1	Barber shop	3
13	46	Grade 12	0	4	2	Spaza	2
14	32	Grade 7	0	0	2	Spaza	0
15	48	Grade 6	8	8	4	Spaza	1
16	43	Grade 12	4	3	1	Spaza	0
17	42	Grade 12	4	4	1	Spaza	0
18	38	Grade 12	3	2	1	Spaza	0
19	45	Grade 10	5	5	3	Spaza	0
20	28	Grade 9	1	2	1	Salon	2

The foregoing paucity notwithstanding, diversity of representation achieved by the sample owes to factors such as the age and education levels of operators (Table 5.2). Further considerations have been the amount of people (other than the owners) working in the enterprises, as well as the total number of income earners and dependents which households comprise. Overall, the operators interviewed are aged between 26 and 50; and their levels of education vary between primary schooling as the lowest level, and secondary schooling as the highest.

Respondents were asked questions concerning their household composition. As indicated in Table 5.2, the number of income earners across the sample varies between one (where a given respondent is the sole income earner) and four members. Moreover, most of the respondents have household members depending on the incomes generated from their business. These dependents consist of either their own children (with numbers of children varying between one and eight), or relatives from their extended families. It stands to reason that these income-generating activities serve as a response to cycles of poverty and disadvantage characterizing their households; as intimated in

other studies which have considered these and similar phenomena (Chen, 2014; Cichello et al., 2011; Gough et al., 2003; Tipple, 2005).

In ensuring that only enterprise owners were interviewed, the interviewing process began with a screening question to this effect. As such, employees were not interviewed. Nevertheless, enquiry into employee amounts revealed variable results overall; but notable sector-specific trends. Although the spaza operators indicated sole ownership of their enterprises, they nevertheless acknowledged receiving unpaid assistance from their children as well as from other relatives within their households; but hardly classified them as employees. Some alcohol retailers, on the hand, had employees (between one and three) to perform various duties including staffing the till and handling deliveries (see Table 5.2). Notably, this tends to apply to the few tavern owners interviewed. Shebeen owners follow a similar trend as the spaza operators. Hair care enterprise owners reported temporarily employing others during busy periods.

The findings from Tipple's (2005: 620) study revealed the high number of HBEs using the unpaid assistance of household members. Instead, these are:

[R]eciprocal arrangements in which skills training, food, domestic space, a base in the city and other household goods are exchanged for work.

(Tipple, 2005: 620)

The work arrangements of the operators in the Delft South sample thus echo the findings by Tipple (2005). Given the effective use of social and human resources inherent in these arrangements, they therefore constitute one of the many advantages of HBEs (Tipple, 2005: 628).

### **5.3.2. Work and business history**

Respondents were asked how long they had been operating and what work they had done prior to establishing this enterprise. Table 5.3 reflects the findings from these questions.

**Table 5.3: Basic demographics**

Respondent	Sector	Year established	Prior work
1	Shebeen	2011	Domestic worker
2	Shebeen	2013	Unemployed
3	Shebeen	2010	Dressmaker
4	Shebeen	2010	Unemployed
5	Barber shop	2013	Unemployed
6	Spaza / Tavern	2002	Spaza owner
7	Salon	2011	Waiter
8	Tavern	2004	Shebeen owner
9	Tavern	2005	Shebeen owner
10	Tavern	2004	Shebeen owner
11	Salon	2012	Unemployed
12	Barber shop	2012	Hair cutter
13	Spaza	2004	Unemployed
14	Spaza	2012	Spaza owner
15	Spaza	2011	Visual artist
16	Spaza	2003	Unemployed
17	Spaza	2003	Shebeen owner
18	Spaza	2005	Spaza owner
19	Spaza	2004	Unemployed
20	Salon	2010	Unemployed

The sample includes both longstanding and newly established enterprises (see Table 5.3). The majority of enterprises were established in 2004. Among the three sectors, hair care enterprise operators are generally new entrants; whereas the spaza sub-category tends to contain older enterprises. Despite the variability of the liquor retailing sub-category, what is noticeable is a trend of older enterprises among the tavern retailers; whereas shebeens tend to be fairly new (operating from 2010 onwards). Across the sample, the activities of operators prior to establishing their current enterprises range from either doing similar work under different circumstances (whether locational or otherwise), engaging in different modes of employment both formal and informal, and unemployment. The links between poverty and participation in the informal sector have been identified in the literature (Chen, 2012; Neves and du Toit, 2012; Skinner, 2006). Given the common appearance of prior unemployment among the respondents, the said links are thus demonstrated by the findings from the current sample of operators.

### 5.3.3. Locational issues

Most of the respondents reside wherein they operate their enterprises. Tipple (2005: 613) draws a distinction between HBEs operating from within the home and those located nearby. Most of the enterprises in the sample fall into the former category. However, there are a few which operate near to the respondents' homes, most notably those located along the high street.

Across the sample, an overriding sentiment as regards the advantages of current enterprise locations is that foot traffic has been critical. Notably, this sentiment was one shared by both operators along the high street, as well as those from the other sections surveyed. As Respondent 14 (Interview, 1 September 2014) noted, constant foot traffic is useful in that it "keeps the ball rolling". Respondent 6 (Interview, 3 September 2014) attributed the abundance of "passing feet" to the corner location of his residence wherein he operates his enterprise. Accordingly, this further increases its visibility within the surroundings (Figure 6). Furthermore, his proximity to a school generates a great deal of purchases by the pupils on a daily basis. The observations by these respondents further reflect the nodal impact of the township context as discussed in Section 4.2.5. Delft South thus resembles this condition. As Charman et al. (2012b: 5) note, the reason for the nodal impact is that residents mostly conduct their local business on foot. Given the high street model's dependence on the linear structure created by corridors, it would thus be ill-suited to the structure of Delft South.

Respondents were further asked about the disadvantages of their current locations. Notably, crime was popularly cited as a negative element. Also, many respondents have fallen victim to robberies. For Respondent 13 (Interview, 4 September 2014):

This place is full of '*skollies*' (criminals) desperate for money to buy drugs; and they rob us the first chance they get.

Whereas other respondents felt that their locations offered no disadvantages, others were uncertain as to the presence of any. What was clear from the responses overall was that enterprises located along the high street were generally less inclined to discern any locational disadvantage. Indeed, this speaks in favour of the high street model inasmuch as it proposes to provide a safe and secure business environment. While most of the operators interviewed have not conducted business anywhere else other than their current locations, Respondents 5 and 6 have operated similar

enterprises in Du Noon and Khayelitsha, respectively. Whereas the former respondent relocated his barber shop owing to increased competition in Du Noon, the latter stopped operating his spaza in Khayelitsha. This was due to multiple robberies suffered by his business over a relatively short period of time.

#### **5.3.4. Constraints to growth**

Respondents were asked what the three primary constraints to the growth of their enterprises were. Interestingly they often found it difficult to answer this question; so substantial probing was necessary to elaborate meaning, as suggested by Roulston et al. (2003). This proved a useful measure for facilitating a degree of thoughtfulness in subsequent reflections by the respondents. Accordingly, the heterogeneity of the informal sector renders a sectoral lens best suited to viewing and unpacking the findings which emerged from this exercise, as has been suggested elsewhere (see Chen et al. 2002; Chen, 2012; Devey et al., 2006; Skinner, 2008).

##### **5.3.4.1. Spaza shops**

Analysis of the responses from those running spaza shops reveals common trends. Respondents identified competition, crime and lack of finance (start-up capital and credit) as the most significant impediments to business growth. Each of these constraints will be considered in turn.

By 'competition' enterprise owners referred mainly to price competition as regards individual articles sold, as well as the generally competitive business environment emanating from an abundance of enterprises located close to each other. There appears to be increasing saturation of the market wherein these businesses generally operate, as is clearly reflected by Map 5.2.1c. Respondent 18 (Interview, 10 September 2014) captured this poignantly, lamenting that:

Over a few years, too many spazas have mushroomed here; and it doesn't make as much sense now to open up a spaza as it used to in the past.

Respondent 18 has since integrated pool tables and gaming machines to his spaza shop (Figure 18). He considers this a useful strategy to cope in the tough business environment which has become characteristic of the area.

Respondent 19 (Interview, 10 September 2014) further echoes the sentiments shared among most of the sample's operators in attributing the increased competition to the "fast take-over by Somalians" (see Map 5.2.1d); a group whom Respondent 6 (Interview, 3 September 2014) regards with disdain owing to the fact that "they always lower their prices without consulting other spaza owners in the area". Interestingly, the sole Somalian operator interviewed (Respondent 15) also identified the abundance of spazas as a hindrance to the growth of his own. He notes that "there's too much of us selling here now" (Respondent 15, Interview, 2 September 2014). Unfortunately, he offered no further elaboration as to the exact manner in which this condition has negatively impacted on his business; this despite the concerted effort to elicit such information from him.

These findings resemble the identified trend of the informal sector workforce's servicing of saturated markets. As a result, it faces the risk of low business profitability (Barsdien et al., 2014; Lund and Skinner, 2003). Notably, Gough et al. (2003: 267) found competition to be one of the most common reasons leading to business closures in the settlements of Madina, Ghana and Mamelodi, Pretoria. The authors attribute this to the high amount of enterprises in each of the settlements surveyed. As such, this speaks to the generally competitive nature of the HBE market, one seemingly unable to accommodate too generous a workforce. This troubling finding again emerges in the current study. Indeed, the sheer scale of Delft South's informal sector (Map 5.2.1a) renders this condition inevitable; and it is little surprise that it would emerge as a significant constraint to business growth.

The long-standing tensions between South African and Somali spaza owners are also demonstrated. Due to their superior business skills, Somali spaza owners have come to dominate this sector; and South African spaza owners have suffered as a result (Barsdien et al., 2014; Liedemann, 2013). As such, the findings reveal this dominance to constitute a constraint to business growth; as voiced by the sample's South African spaza owners. However, it is worth emphasizing the sample's failure to achieve more nuance regarding this issue; as might have resulted from a stronger representation of perspectives from the supposed 'instigators' of this condition.

Experiences of crime by the spaza operators have largely been in the form of robberies within their business premises. As Respondent 19 (Interview, 10 September 2014) notes:



Most people [in Delft South] are poor. Also, teenagers drop out of school early and get mixed up in bad habits; and robbing our stores is sometimes the only way to keep them going.

For respondent 14 (Interview, 1 September 2014), this has necessitated “closing up [his] shop with security bars, but still allowing customers to see what they want to buy” (Figure 14). He further notes:

I had to spend some money to get these [bars] up, uhm, I don’t remember how much anymore; but it helps.

(Respondent 14, Interview, 1 September 2014)

Respondent 15 did the same in response to the robberies he has experienced (Figure 15). Noteworthy, however, was that although all operators within the spaza sample had fixed bars as a safety measure for their business premises, the enterprises operated by South Africans retain a degree of ingress allowed to customers (see Figures 6, 13, 16, 17, 18 and 19); whereas those operated by the two foreigners interviewed do not (see Figures 14 and 15). Nevertheless, it should be noted that the presence of merely two foreign operators in the spaza sample, as against the total of six South Africans, provides insufficient room for full comparison.

These findings resemble conditions advanced by earlier studies in the literature (Cichello et al., 2011; Chandra et al., 2002; Gough et al., 2003). Noting the prevalence of crime specifically within the spaza sector, Gough et al. (2003: 270), observe the financial burden triggered by the imperative for safety. For many HBEs, this requires investment in various security fixtures. Nevertheless, the operators in the current sample have made these investments despite the costs. This is resembled by the salience of burglar bars fortifying the spaza shops across the sample (see Figures 6, 13 - 19).

The third trend which emerged as a business constraint among this group was, not so much the lack of access to credit and loans; but rather what operators perceived to be their inability to sustain such financial commitments. Expressing this sentiment, Respondent 17 (Interview, 1 September 2014) vehemently declares that:

It’s crazy to pay back [high] loan fees that might actually drown my business.

The findings thus resonate with the literature. This also holds particularly inasmuch as the said condition constitutes a significant constraint to business growth (Chandra et al., 2002; Cichello, 2005; Monkman, 2003; Neves and du Toit, 2012). With reference to the SMME support programmes instituted by the DTI's White Paper on SMMEs, Monkman (2003: 6) identifies "low market awareness and usage of [DTI] agency programmes" as one reason for their overall inefficiency. However, the respondents in the current spaza sample display a degree of awareness as to their ability to access various finance mechanisms such as loans and credit. Gough et al., (2003: 267) observe the "level of mistrust that exists amongst HBE operators regarding credit for their businesses", owing to high interest rates. Tipple (2005: 625) agrees. This mistrust is thus reinforced by the findings from the current study, and the operators' awareness of the high interest rates involved largely accounts for the predominantly low usage of these services.

#### **5.4.4.2. Alcohol retailers**

Within the alcohol retailer sample, the three factors that emerge as key constraints to business growth in descending order of frequency are police raids, crime and lack of liquor licences. Lack of storage space for alcohol stock and competition emerged as other impediments (particularly among shebeens); albeit ones cited infrequently. Contrary to the spaza sample, by 'competition' respondents meant the high concentration of enterprises operating close to each other. Each issue is considered in turn.

The persistence of police raids on the business activities of this sample soon emerged as a topic of much vexation. Moreover, police blitzes befall both shebeens and taverns; but tend to vary in their levels of intensity relative to the nature of the business in question. Whereas they are often more mild and take the form of zoning-related inspections for taverns, they are more stringent on shebeens. Moreover, they are more likely to result in bribes, fines, confiscations of stock, or calls for the cessation of business operations altogether. Reflecting on police raids in relation to her tavern, Respondent 9 (Interview, 5 September 2014) notes that:

Even though I have a liquor licence, the cops still invade my tavern many times; asking me for rezoning papers which I don't have and don't know anything about. When I say I don't have them, they threaten to close my business down. But I know they can't do this because I am registered.

This sentiment resembles the confusion and frustration felt by Respondents 6, 8 and 10 (all tavern operators).

Respondent 4 reports paying a total of R1 300 in police bribes over the past three weeks preceding the fieldwork, while Respondent 2 (Interview, 1 September 2014) recalls suffering “quite a few” business closures on the grounds of operation without a licence, as well as exceeding the stipulated trading hours. Despite these misfortunes, “one has to carry on making money to survive” (Respondent 4, Interview, 3 September 2014). Respondent 3 (Interview, 3 September 2014) mentions a certain “deal” struck between herself and two police officers; one which entails her payment of an undisclosed monthly “fee” in return for their leniency with respect to her shebeen. Although she is aware of the illegality of such an arrangement, both on hers as well as the part of the policemen, she is nevertheless forced to acquiesce; as it is in this way that “they make it easier for [her] to keep things going” (Respondent 3, Interview, 3 September 2014).

The study by Chen (2014) covers notable ground in highlighting the international significance of the unfortunate manner periodically assumed by state efforts at law enforcement in the form of policing where informal livelihoods are concerned. In consonant with the former study, the current research findings similarly highlight the persistence of generally troubled exertions of law enforcement with respect to the alcohol retailers across the sample. What is here instructive, however, is the emergence of these vexatious relationships as an impediment to business growth; one whose significance is echoed across the sample of alcohol retailers interviewed. Seemingly, the police blitzes endorsed by Premier Helen Zille as an implementation strategy of the Western Cape Liquor Act, have highly affected the shebeen owners. While the illegality in the sale of alcohol without a licence is acknowledged, it is also worth noting the insidious engagement in criminal activity on the part of some police officials, as indicated in the reflections of the shebeen operators’ experiences of state law enforcement. The apparent ubiquity of police bribes in exchange for leniency stands as an example of such criminality. Importantly, this bodes ill as regards the lived experience of alcohol regulation where this group is concerned.

Experiences of crime mainly take the form of robberies and theft of money and stock. Notably, the shebeen operators are more affected by these than are the tavern operators. Respondent 4 (Interview, 3 September 2014) explains that “because customers buy directly from my home (Figure 4), this makes me more vulnerable to criminals”. Respondents 2 and 3 agree (Figures 2 and 3). In relation to her tavern, Respondent 9 (Interview, 5 September 2014) recalls an incident during 2013

whereby “several armed men emptied [her] cash register and took off with many cases of beer”. After this incident she invested in bullet-proof glass for the purchasing area (Figure 9). Respondents 8 and 10 had also invested in bullet proof glass (Figures 8 and 10).

Gough et al. (2003: 270) note the “criminal element” open to those HBEs that allow direct entry by customers into domestic retail space. Notably, the vulnerability to criminals as cited by Respondent 4 in relation to her shebeen, further reinforces the foregoing observation by the authors. Because the taverns are more established, however, means that they have the benefit of trading space located away from their domestic space. Moreover, their wider financial reach means that they are able to cover the costs of advanced security measures to protect the premises wherein they both reside and conduct business. To this end, the plight of the financially under-resourced shebeen operators stands as an example of the weak capacity characterising many HBEs; as further noted by Gough et al. (2003).

Lack of a liquor licence was cited as a key constraint by the shebeen operators interviewed. Interesting is that although Respondents 2, 3 and 4 all identified this as a constraint, none had applied for liquor licences. Their reasons for failure to do so are insufficient financial resources, unsuitable space in which to trade, as well as the lengthy licence application process. Respondent 1 had formally submitted an application; one which she explained “is still under review by the Liquor Board” (Interview, 1 September 2014).

Chen (2014) is aware of the widely-held assumptions pertaining to the informal sector workforce’s deliberate avoidance of regulation. However, the findings from her study question the validity of such notions. Notably, the findings from the current study do the same. The shebeen operators’ identification of lack of liquor licence ownership as a constraint to the growth of their business scarcely resembles their aversion to regulation. Alternatively, it resembles their awareness of the growth potential that this might allow. Nevertheless, the Western Cape Liquor Act excludes them from its regulatory framework. Their resultant lack of legitimacy (PGWC, 2008: 17) ultimately renders them susceptible to a business environment marked by exploitation at the hands of, inter alia, the police. What also results from this is the predominance of “little job security” (Lighthelm, 2005: 201).

#### 5.4.4.3. Hair care

This group cited lack of finance, lack of access to infrastructure and competition as the three most significant constraints to business growth. In addition, two respondents reported low profits; stating that “there is little money” (Respondent 20, Interview, 2 September 2014) and “I do not make enough money” (Respondent 7, Interview, 2 September 2014).

Respondents outlined that they were unable to access banks. This is particularly the case for foreigners. One of them explained:

For us [foreigners] it’s not easy to use the banks in this country...because the whole thing is just too complicated. And if you also don’t have your papers in order, it causes even more problems for you.

(Respondent 12, Interview, 2 September 2014)

In a similar vein, Respondent 11 (Interview, 2 September 2014) laments that “because I cannot go to banks means that saving is a challenge, for example”.

Interestingly, the sole South African salon operator (Respondent 20) was the only one who did not cite lack of finance, or access thereto, as a constraint to business growth. Instead, her intimation of “little money” (Respondent 20, Interview, 2 September 2014) pointed to low business profitability.

These findings reinforce the persistence of largely inaccessible financial assistance programmes, as identified in the literature. This results from the complex and onerous application processes of these programmes (SBP, 2011). Monkman (2003: 6) similarly cites “cumbersome administration” as one of several reasons accounting for the inefficiency of the SMME support programmes instituted by the DTI. Notably, the findings also reveal the harsh realities faced by foreign informal operators in relation to these programmes. Evidently, lack of appropriate documentation is a source of greater worry for this group (Skinner, 2006: 129).

The identification of infrastructure as a constraint encompassed several needs in relation to the operators’ businesses. For Respondents 5 and 20, reliable toilet facilities were highlighted as a necessity. Notably, both these respondents were renting their business premises along the high

street (Figures 5 and 20). Respondent 20 further mentioned her desire for a “bigger place” to store her supplies (Respondent 20, Interview, 2 September 2014). Respondents 7 and 11 similarly pointed to their need for more space (Figures sketches 7 and 11).

Lastly, the issue of competition emerged as an impediment of some significance among this group. Interestingly, this constraint was only voiced by the operators situated along the high street. Respondent 5 (Interview, 2 September 2014) notes that:

Even with all the people walking around here, it’s sometimes difficult to get clients because they go to the guys before you.

For this reason, respondent 20 (Interview, 10 September 2014) sees much importance in:

Making good relationships with [her] clients, so that they might come back to me next time.

These findings carry notable implications for the suitability of the CoCT’s high street model. The implementation thereof entails the clustering of certain enterprises in areas of local and general business zone designations along business corridors (IOL, 2012, cited in Charman, 2012b: 5). However, the findings reflect the competitive business environment currently experienced by those operating hair care enterprises along Delft South’s high street. Implicit in this is the potential problem of increased competition which might thus result from the model’s intention to cluster business along its proposed corridor.

#### **5.3.5. State of and access to infrastructure**

The importance of water and electricity for conducting business activities was stressed by all respondents. As a significant part of their daily business activities involve washing hair, the hair salon operators indicated water to constitute a necessity without which their enterprises would not function. Other uses mentioned include washing stock such as fresh produce, as well as washing glasses used to serve alcoholic beverages. Respondents were asked how much they spent on water. The cost of this service ranged from R75 to R130 per month; with an amount of R200 per month paid by Respondent 3, being the highest. All the respondents are satisfied with the electricity they currently receive; save for Respondent 3. The latter finds it “expensive and unreliable” (Respondent

3, Interview, 3 September 2014). Respondent 17 (Interview, 1 September 2014) feels that it is “just ok, depending how much of it [one uses]”.

In addition, the respondents all receive refuse removal services during Tuesday of every week, and are satisfied with this. All respondents reported having access to a toilet. However, Respondents 5 and 20 lamented that their toilets were in a poor condition. As a result, Respondent 20 often resorts to using the toilet facilities belonging to a neighbouring residence.

Most of the respondents store their goods where they conduct their business. Only Respondents 8, 9 and 10 had designated storage facilities (cold rooms) in their taverns. These they find very helpful, given the safety that they ensure for alcohol stock. The only instances of off-site (location undisclosed) storage were mentioned by Respondents 2 and 3. This kept their alcohol stock safe from confiscation by the police. Nevertheless, Respondent 2 (Interview, 1 September 2014) notes that:

My stock has been stolen a few times because I can't supervise it.

Alternatively, Respondents 14 and 17 prefer buying as much stock as can be accommodated by the space available in their spaza shops. As such, Respondent 17 (Interview, 1 September 2014) feels that:

If I buy too much stock, some of it might spoil when business gets slow; so this makes more sense.

As intimated in the literature with reference to various other contexts (see Chandra et al., 2002; Rogerson, 2004), so too does the issue of infrastructural inadequacy as an impediment to business growth hold relevance to some (if not many) informal operators in Delft South. Moreover, it is clear that these inadequacies are not limited to the hair care enterprise operators alone. Lack of storage space for alcohol stock, cited marginally by the sample of shebeen operators, stands as another reflection of the critical role of infrastructure where informal livelihoods are concerned. Indeed, Rogerson (Rogerson, 2004: 771) highlights the importance of infrastructure for small businesses as it improves general working conditions and contributes towards poverty alleviation. However, the costs of services are often too much to bear for a large part of the informal sector workforce (Lund and Skinner, 2003). In their investigation into the role of shebeens and drinking in Sweet Home Farm

(Cape Town), Charmana, Petersena and Govender (2014: 35) find the fear of police raids among shebeen owners in that settlement to have resulted in strategies including off-site storage of liquor stock, and only keeping low volumes on site. The findings from the current study confirm this to be a reality of some shebeen owners in Delft South as well, as evidenced by the reflections from Respondents 2 and 3. However, this coping strategy is not without drawbacks, given the possibility of stock theft resulting from lack of constant supervision by its owner.

### **5.3.6. Access to financial services**

Other than the tavern owners, no other respondents had a bank account. Again, only the tavern owners reported receiving business loans from formal institutions. However, Respondent 1 was forced to take out credit from a local *stokvel* (informal credit scheme) following a break-in at her shebeen in May 2014. All of the tavern owners, on the other hand, have received business loans from ABSA, in connection with what Respondent 9 suggested to be “an understanding between [ABSA] and the SAB” (Interview, 5 September 2014). Reflecting on the effects of such assistance, Respondent 10 (Interview, 5 September 2014) notes that:

Receiving a loan is what really helped me start my business; and I don’t know how else I would’ve been able to do this. I didn’t have a cent.

For Respondent 8:

Repaying [the loan] has not been a problem at all, especially since business generally runs smoothly.

(Interview, 5 September 2014)

These sentiments were expressed by all tavern owners.

The sample’s low usage of formal financial institutions resembles findings noted elsewhere (see Gough et al., 2003: 267). Similar to the findings from the study by Tipple (2005: 628), the current study also does not indicate an extensive use of informal credit schemes among the sample of operators. Nevertheless, this service does emerge as a viable channel through which some informal businesses access finance (see Gough et al., 2003: 274). The reflection provided by Respondent 1 in



relation to her sourcing credit from a local stokvel, assumes a case in point. This resembles the observation by Harrison et al. (2008: 228) regarding the informal sector workforce's reliance on these mechanisms, as compared to more formal financial arrangements which tend to be inaccessible to these workers.

#### **5.3.7. Business training**

Respondents were asked if they had received any business training. All but one respondent are self-taught as regards the business activities that they currently engage in. Respondent 5 received informal instruction from a friend and former colleague in Du Noon, Cape Town. No business owner in this sample had received formal business skills training.

The findings reflect the general trend of poor performance as regards the provision of business skills training. Moreover, this scarcity echoes prior observations in the literature (see Basardien et al., 2014; Chandra et al., 2002; Chen, 2014; Tissington, 2009). The suite of support programmes instituted by the DTI's White Paper on SMMEs could be of much assistance in this regard. However, these programmes have been found to often by-pass informal sector micro-enterprises in favour of established small and medium enterprises (Rogerson, 2004: 774-782). Seemingly, this is indeed an area urgently requiring state intervention. The benefits to be gained from this hold significant promise in the way of, not only improving the current working conditions of this group (Lund and Skinner, 2005), but also in improving overall business performance (Basardien et al, 2014). In their investigation of business performance among street vendors in Johannesburg, Callaghan and Venter (2011: 42) skills training emerged as critical influence on innovative business strategies leading to improved overall performance. However, the findings from Delft South demonstrate that these are yet a lost opportunity for the operators interviewed.

#### **5.3.8. Crime**

Respondents were asked whether their businesses had fallen victim to crime over the last six months prior to fieldwork. Notably, 13 of the 20 enterprises in the sample have suffered from crime since the beginning of 2014. Of these, five have experienced this over the six months preceding fieldwork. Forms of crime cited range from armed robberies, theft of stock and lighting equipment, break-ins, and police bribes. Examples mentioned among the spaza sample include the first three; whereas

those mentioned among the alcohol retailer sample include all of the above. Notably, no instances of crime within the said time periods were cited among the sample of hair care enterprise operators.

Various reflections were provided as regards the impacts of the shocks as described above. Having related a robbery which occurred in February 2014, Respondent 14 (Interview, 1 September 2014) recalls that:

After the whole thing, I closed the shop for...I think two weeks. Me and my brother borrowed some money from friends back home (Tanzania) to get things running again; and to make it safer to keep selling. After that, some people just pass my shop and swear at me; but nothing really serious has happened.

Although her experience was less severe, Respondent 1 (Interview, 1 September 2014) nevertheless recalls that after a break-in which took place during May 2014:

I had no choice but to take out credit from a local *stokvel* to recover, as most of my stock was missing. I couldn't afford to close business even for a week because I was scared this would spoil my licence application. It was difficult at first, but I have since repaid more than half of what I borrowed; and business is running again (Figure 1).

These findings reflect the generally high incidence of crime which characterizes many settlements across South Africa. Moreover, property crimes assume a particularly common feature (Masuku, 2001; McDonald, 2008). It is thus no wonder that many HBEs also suffer from this (Brink et al., 2003; Cichello et al., 2011). Notably, the study by Cichello et al. (2011: 11) found crime to be the dominant constraint to business growth. Although not expressed as such in the current study, crime nevertheless emerges as a pervasive problem which impinges upon the livelihoods of most of the operators interviewed. In contrast, international studies reveal that crime is not an impediment to business growth for HBEs operating in those areas (see Chen, 2014: 29; Gough et al., 2003: 272).

#### **5.3.9. Backward & forward linkages**

The main customers cited by the respondents in the spaza sample largely comprise the surrounding community. However, Respondents 13 and 14 mention taxi drivers occasionally stopping to

purchase snacks and refreshments. Suppliers cited by the spaza operators include Giant Sweets and 1Up Cash & Carry, both in Epping; Oliphants Cash & Carry and Phillipi Cash & Carry, both in Phillipi; as well as Ali's Cash & Carry in greater Delft. Of these formal wholesalers, the latter emerged to be more popular by virtue of its proximity to Delft South. Respondents were then asked whether they receive any assistance from their suppliers. Only Respondents 14 and 15 mention receiving discounts depending on the amount of stock that they purchase. Apart from this, there is no other form of assistance received.

Respondents were then asked whether they engage in collective purchasing and transporting of stock with other spaza shop owners. Respondent 15 is the sole operator engaging in this activity. He explains that:

Me and some friends buy together because lots of stock means discounts. This is good for business because it means we spend less money and get more stuff. I use my own car, but sometimes I carry for others when they need help. This isn't a problem because they pay.

(Respondent 15, Interview, 2 September 2014)

Asked about any disadvantages experienced from such activity, he mentioned none.

Private transport emerges as the most common mode of reaching suppliers. Moreover, all operators in the spaza sample own private vehicles, with the exception of Respondents 14, 16 and 17. For those who do not own private vehicles, securing transport for stock purchases entails renting vehicles from surrounding community members who occasionally render such services to various business owners within the area. The costs of these services range between R50, R85 and R150 for a round trip; depending on the amount of goods carried as well as the distance travelled. Nevertheless, instances of public transport usage were cited by Respondents 16 and 17; mostly in the event of purchasing a relatively small amount of goods whenever necessary. For this, public taxis are the preferred mode. This is due to the shorter waiting periods they allow for, as compared to buses. In this regard, the latter operators also benefit from living close to stopping points. Although fares vary according to the journey travelled, they never exceed R15 for a single trip.

Similarly, the alcohol retailers serve the surrounding community. Suppliers mentioned by the shebeen operators include Papa's Pub, Tiny's Tavern, T & S Tavern and Ma J's Tavern; all in Delft

South. The tavern operators source their supplies mainly from the SAB; but also from proximate branches of Makro Store. Given their affiliation to the SAB by virtue of their liquor licence ownership, this group enjoys considerable assistance from this company. Benefits include assistance with branding and advertising their businesses, free fridges and a host of other products necessary for running their businesses, as well as deliveries directly to their premises. The shebeen operators, on the other hand, do not receive any assistance from their suppliers. Moreover, most of the operators in this group rely on arrangements similar to those of the spaza operators (hired vans) as regards reaching suppliers to purchase stock.

With respect to hair care, this group also services a clientele resident in the area. The most widely cited supplier was New Look Cosmetics in Epping. As is the case with the spaza sample, discounts are the only assistance received from suppliers; albeit more sporadically as regards this group. Notably, it is this group that relies more on public transport to reach suppliers than does any other. The costs do not exceed R15 for a single trip by taxi. Nevertheless, Respondent 7 sometimes hires a private vehicle if stocking many goods. Given his being a regular client of the vehicle owner, he pays between R50 and R120 for a return trip.

The findings demonstrate clear links between formal and informal economic activities. This is evidenced by the individual transactions involved in the respondents' sourcing of supplies from the various formal suppliers mentioned (see Neves and du Toit, 2012). Importantly, the findings refute claims by the dualist school of thought as regards the absence of links between the activities of the formal and informal sectors (see Becker, 2004; Bromley, 1978, Chen, 2012; Chen et al., 2002; Maloney, 2004). Instead, the findings agree with the structuralist perspective inasmuch as it acknowledges these links (see Chen 2007, 2012). Moreover, the findings agree with Bromley's (1978: 1034) observation of the "continuously fluctuating state of interaction" between the formal and informal sectors. With reference to the sample of respondents in Delft South, these interactions are demonstrated by the reciprocity inherent in their sourcing of goods from formal supplies, as well as the instances where suppliers in turn assist these respondents. Alternatively, findings from Asia reveal that the formal sector outsources work to the informal sector (Chen, 2014: 63). In Delft South, none such case was found.

Notably, the importance of collective purchasing is demonstrated to be an important strategy for getting discounts and ultimately saving money in the process. Particularly interesting is that this was cited by the Somali operator (Respondent 15). This resembles findings from other studies as regards

the superior business skills possessed by this group (see Basardien et al., 2014; Liedeman, 2013). Moreover, these studies identify this to be among the business strategies accounting for the overall

#### **5.3.10. Relationship with the state**

Respondents were asked which government officials they have contact with, as well as their experiences with such officials. Notably, only the four tavern owners, out of a total of twenty respondents, had had some contact with government officials other than the police. Interactions with the former officials involved residence inspections by the Department of Health (DoH), the Department of Transport (DoT) and the Fire Department (FD); as part of the rezoning application process which the tavern operators had undergone. Reflecting on her experiences with these officials, Respondent 10 (Interview, 5 September 2014) shrugs and recalls:

They (the officials) just went about their procedures as I anxiously looked on...I mean...I was nervous because I wanted everything to run smoothly. The processes all happened once, and each ran fairly quickly; and that was that.

The other tavern owners were similarly unable to draw out any notable impressions. Their interactions with the police, however, had a more marked effect; as these officials often asked them to furnish proof of their rezoning applications, much to their confusion. The shebeen owners cited the unpleasant experiences concerning liquor licence inspections by the police, as previously mentioned. From the rest of the respondents, responses were marked by deafening silence with regard to anything vaguely resembling a relationship or interaction with government officials in relation to the their enterprises.

Noticeable here is the degree of invisibility of some informal economic activities from the state. For Chen (2014: 73), this owes to their lack of registration. Tipple (2005: 627) highlights the harmful effects which sometimes results from this. Due to the lack of recognition of informal enterprises to policymakers, they become vulnerable to negative forces such as exploitation (Tipple, 2005).

### 5.3.11. Regulations

The respondents were then asked whether their businesses had been affected by any state regulations. Moreover, respondents in the spaza and hair care enterprise samples were asked about their awareness of the current zoning regulations; as well as about any state enforcement of such on their businesses. Notable is that no operator in these samples has been affected by any state regulations. In addition, none of the respondents are either aware of, or know of anybody who has applied for rezoning. The lack of awareness pervading the sample was most clearly captured by the retort from Respondent 13 (Interview, 4 September 2014), whose response was in the form of the question: “what is zoning?” In the hair care sample, Respondent 12 (Interview, 2 September 2014) notes that:

All we do is find good space, and then we set up shop (Figure 12). The area we are working in (Delft South) allows this. We don’t really deal with any laws, and we’ve never had any law-related problems.

These findings echo observations in the literature (Chen, 2014; Gough et al., 2003). Gough et al. (2003: 268) note that regulation enforcement in South Africa tends to be patchy as regards HBEs. This follows from the findings in their study indicating that none of the HBEs had been affected by state regulation. The findings from the current study reinforce this. Interesting is that Policy 3 of the CTSDf seeks to “introduce land use policies and mechanisms that will *support the development* of small businesses”, be they formal or informal (CTSDf, 2012: 36, my emphasis). Furthermore, the CTZS’s acknowledgement of “the realities of poor and marginalized communities” (CoCT, 2012b: 30) is auspicious, for its SR2 designation accommodates, inter alia, spaza shops and hair care enterprises as an “additional use right” in ensuring that “local employment generation is *encouraged*” (CoCT, 2012b: 34, my emphasis). However, the experiences of the spaza and hair care enterprise operators indicate that the CTSDf ‘supports’ their businesses only inasmuch as it renders them immune from rezoning applications, ditto the ‘encouragement’ proposed by the CTZS. Other than the permission granted by these frameworks, what follows is more neglect than explicit support and encouragement mechanisms to ensure the ‘development’ of their businesses. The resultant regulatory environment is thus largely irrelevant to their business ventures. This condition is not uncommon, and has also been found to apply internationally (see Chen, 2014: 73).

The experiences of the alcohol retailers, on the other hand, are different. Within this group, the shebeen operators have all felt the effects of regulation in the form of the state's attempts at liquor licence enforcement on their businesses. Respondent 1 (Interview, 1 September 2014) has heeded these calls, as evidenced by her liquor licence application which she submitted "late last year". Prior to her final submission, however, she recalls that:

I was swindled out of money by various police officials. At one time, a police officer took black-and-white photographs of me and then asked for money (amount undisclosed). He said was going to submit these to the Liquor Board as part of my [liquor] licence application. A representative from the SAB whom I was in contact with at the time then found out about this. He told me that I had been tricked; and that photographs of applicants must actually be in colour. To sort out the matter, he took colour photographs of me and submitted them to the Board; only to find out that they [the Liquor Board] had actually not received any photographs from me. But the matter has since been sorted out.

(Respondent 1, Interview, 1 September 2014)

For Respondents 2, 3 and 4, this has not been the case. Echoing the sentiments of this group, Respondent 4 (Interview, 3 September 2014) observes that:

Ever since the laws [on unregulated liquor outlets] were toughened, staying in business outside of these laws has become very hard; and there are now many bribes paid to the police. They come to my place many times to warn me that selling alcohol without a licence is illegal. They also patrol at night to see whether I am open. If they see that I am, then there's trouble; because you don't just ask for their forgiveness empty-handed. There's often some money involved.

Respondent 2 knows a great deal about the punitive measures employed by the police in the event of shebeen owners refusing to engage in such tactics, as is apparent in the following reflection:

My shebeen has been raided so many times. If I remember correctly, it happened twice last year; and once this year. During all those times, I refused to give them money; because this is also wrong, isn't it? And so I've been repeatedly forced to close my business. Sometimes

this lasts for a couple of weeks, sometimes months. But because of [poverty] and no work for someone my age, what other choice do I have but to keep doing what I do?

(Respondent 2, Interview, 1 September 2014)

These findings resemble Watson's (2011) acknowledgement of the harsh planning controls suffered by many HBEs. As evidenced by the experiences of the shebeen owners, these conflicts emanate from their operation of businesses in areas which do not accommodate these uses. The CTSDf prohibits shebeens and liquor outlets, citing their incompatibility with residential areas. The CTZS further requires that they obtain council approval, as they are a source of "nuisance" to surrounding neighbours (CoCT, 2012b: 34). For Tipple (2005: 614), such HBEs are thus rendered "undesirable in planning orthodoxy". Unfortunately for the operators in this sample, the harsh state regulatory enforcement on their businesses also makes them vulnerable to exploitation.

Among the tavern owners, the licence applications of Respondents 6, 9 and 10 were all approved in 2010; whereas that of Respondent 8 was approved in 2011. Relating her experience of the licence application, Respondent 9 (Interview, 5 September 2014) recalls:

I applied for my licence in January 2010 and was lucky enough to receive it during December of the same year. More than luck though, quick approval of my application was because the laws were less strict at the time. This resulted from the frustration caused by the low amount of licences approved, even though many applicants were part of the SAB's Vuk'uzenzele initiative. The SAB started it in 1994 in order to help people from previously disadvantaged backgrounds to start businesses. This was also how I started my business. The SAB also appointed a lawyer to take charge of the process. I paid R6 200 in total.

Similarly, Respondent 10 (Interview, 5 September 2014) notes that:

The lawyer appointed by the SAB was helpful, because my application waited for three years before its approval in 2010.

Although she no longer remembers the duration, Respondent 8 notes that her application process was both "difficult and lengthy" (Interview, 8 September 2014). Nevertheless, the shebeen



operators unanimously agree on the positive effects and resultant business growth from owning a liquor licence. Respondent 9 (Interview, 5 September 2014) notes that:

Since getting my liquor licence, I've been able to open an account in my name for purchases at several major alcohol retailing outlets. What's more, the stock is delivered to my home for free. It's also good to know that I can trade without worrying about the police confiscating my stock. The licence has been very good for business.

For the licenced tavern owners, effects of state regulation experienced subsequent to those of liquor licences have been those of rezoning. However, this enforcement on their businesses has caused much confusion. Respondent 9 (Interview, 5 September 2014) recounts:

I don't understand why I should apply for rezoning when I'm trading in a poor area such as Delft South. Still, in 2011 the [CoCT] asked me to submit a Temporary use right application; which they said would be reviewed after five years. I hired a lawyer to do this, and was forwarded the application and payment (amount undisclosed). However, in 2013 the [CoCT] said I had submitted the wrong application; and that I should submit a consent use application instead. My lawyer prepared this in May 2013, and I paid R7 000 when I submitted it. What frustrates me is this whole process of going back and forth. I wouldn't be surprised if they told me about yet another revision of my application. I also find the whole thing very suspicious. I think there are some government officials who are using this to trick people out of money; because why else would things be done in such [an ad hoc] manner? As we speak, I haven't even received a receipt verifying my submission; which actually means that my application hasn't yet been processed. So how am I to show proof of my application to [law enforcement bodies] if they ask for it? What's most frustrating is if I don't show them, I might get a R3 000 fine.

Similarly bewildered by the CoCT's request that she apply for rezoning, Respondent 8 (Interview, 5 September 2014) recalls that:

During a 2013 meeting attended by all local liquor retailers at the nearby police station, we were advised that any retailer found operating without rezoning approval might face business closure; and this applied to both businesses with and without liquor licences. Still, we were confused about the need to apply for rezoning; especially since we were told during

a 2012 meeting by a Bellville DoH official (name forgotten) that this was not necessary. Instead, he said rezoning applications were only required from informal businesses in SR1 zones and on commercially zoned properties in the suburbs. According to him, the [SR2] zoning in Delft South means that applying for rezoning [to run a business] isn't necessary.

Given the conflicting instructions by state authorities during these briefings, coupled with the CoCT's subsequent re-circulation of requests that all liquor retailing businesses in the area apply for rezoning; what ensued was a "scramble in the dark" by all operators concerned (Respondent 8, Interview, 5 September 2014). Although confused, the need to toe line was without question. Still, Respondent 8 (Interview, 5 September 2014) struggles to see sense in this, as:

My liquor licence application was approved in 2011, and I didn't need a rezoning application for it.

Despite this, she recalls that:

When I applied for rezoning [in 2013], the CoCT (Parow) gave me [notification] boards to mount on the outside wall of my property. This was to prove that I had applied; but it was also to stop authorities from asking me to close my business. Days later, an inspection was done on my property by the FD. After that, there was another from the DoH. This was done to make sure that my home was in order [according to appropriate health standards]; since I also wanted to sell cooked food [in addition to] my alcohol retailing business. When they boards on my wall, the DoH inspectors said this (rezoning) was unnecessary, since my licence had already been approved. They said I should have applied for rezoning and the [liquor] licence altogether. In any case, they carried on with their inspection; and it went well. My neighbours were also given notice of my application and their approval was necessary. As there were no complaints, I could go ahead. After this, my house floor plan also required approval. There was also an inspection by the DoT to make sure that there was enough parking space outside my house. The notice boards stayed on the wall for about five months; then my application was approved.

(Respondent 8, Interview, 5 September 2014)

Despite the ultimate approval of the application by Respondent 10, the process was difficult nonetheless. She recalls that:

My application started in April 2013 and was approved in September of the same year (6 months). I paid between R2 500 and R3 000, after a slow process lasting five years because of endless going back and forth. During this, I was also tricked by some police and [municipal officials].

(Respondent 10, Interview, 5 September 2014)

Closer to the time of fieldwork was the rezoning application submitted by Respondent 6. He recalls:

I've applied for rezoning this year (2014), after getting my [liquor] licence some years ago (exact time not provided). As part of my rezoning application I also had to show proof of my licence and the floor plan of my house; and I had to pay for the application (amount undisclosed). I'm still waiting for approval, and the [CoCT] told me the process can take any amount of time; three months, four months, or even longer.

(Respondent 6, Interview, 3 September 2014)

Upon probing into his experience of the process thus far, he notes that:

Right now I can't say, especially because I've just started and it's my first time. Also, I've hired a professional consultant to handle it, so I haven't been dealing with it directly.

(Respondent 6, Interview, 3 September 2014)

Evident here is the persistence of complex regulatory processes whose navigation is challenging to business operators. The frustrating experiences of both the liquor licence and rezoning application processes reflect this. Meanwhile, the effects often prove pernicious upon failure to observe the law (see Watson, 2011: 20). Ultimately, current engagements with the state are unbeneficial to many of the informal workers interviewed. This resembles findings noted elsewhere (see Chen, 2014).

### 5.3.12. Business performance and profits

Within the spaza sample, general business performance within the past twelve months preceding fieldwork has varied between good (Respondents 6, 13, 18 and 19) and average (Respondents 15, 16, 17); with Respondent 14 as the only operator mentioning poor performance. Questions concerning turnover over weeks good and bad were not answered by all the respondents. Nevertheless, several estimations provided a sense of the income brackets characterizing general business performance.

Turnovers for well-performing enterprises range between R2 800 to R3 500 over a good week; and between R2 200 to R2 500 on a bad week. Profits on an average week range from R2 000 to R2 300. For average-performing enterprises, turnovers over a good week range from R1 800 to 2300, and from 1 000 to 1 200 over a bad week. Profits range from R1 300 to R1 500 on an average week. Respondent 14 estimates his turnover to be R1 400 on a good week and R1 000 on a bad week. His profit on an average week is approximately of R 1 200.

Whereas the shebeen operators all indicate generally good business performance within the aforementioned period, the tavern operators indicate very good performance in comparison. Nevertheless, finance is a sensitive topic among most of the operators concerned. Respondent 2 (Interview, 1 September 2014) explains:

Because I run an illegal shebeen, I live in fear of policemen and their many raids. They always ask for money to keep silent so I'm always worried that these things might happen any time. Because of this, it's not easy to reveal my financial information, and it's hard to be sure that it won't end up in the wrong hands.

Similarly, none of the tavern owners disclosed financial information. The only rough estimations were provided by Respondents 3 and 4. The former respondent estimates her turnover on a good week to be approximately R2 500 to R3 000; and between R1 500 to R2 000 during a slow week. On an average week, her profit ranges from R2 000 to R2 300. The latter estimates her turnover to be R2 000 on a good week and R1 500 on a bad week. Her profit is roughly R1 200.

General business performance in the hair care sample varies only between average and poor. Notably, it is mainly the barber shops that perform poorly. According to rough estimates, turnovers

of the latter group range between R500 to R800 on a good week; and between R250 to R400 on a bad week. On an average week, profits range between R600 to R750. Alternatively, salon turnovers range between R850 to R1 200 on a good week; and between R500 to R800 on a bad week. On an average week, profits range between R700 to R900.

### **5.3.13. Seasonality**

Respondents were asked about periods of good and bad business performance, as well as about the circumstances surrounding such periods. Respondents in the spaza sample attributed behavior mainly to differences in customer availability during the various seasons of the year. As such, it was agreed that business is generally more profitable during summer. This owes to the availability of more customers. Moreover, many school pupils are on holiday during this time. Apart from this were the incidents mentioned by Respondents 6 and 16. In 2011, the former operator suffered a robbery which resulted in the closure of his business for three weeks. Respondent 16 mentioned a fire which ravaged his store during March of 2013. This led to closure of business lasting for five months. Respondent 17 cites a period of good business performance with reference to her former shebeen. This she was forced to shut down in 2012 owing to the difficulty of applying for a liquor licence with the insufficient parking space available to her property.

As is the case with the spaza sample, the alcohol retailers perceive the increased business advantage characteristic of the summer season. Moreover, they too acknowledge the winter season as being characterized by “slow months” (Respondent 3, Interview, 3 September 2014). Apart from these observations, the operators indicate an overall consistency as regards the progress of their businesses. The only noteworthy incidents cited include the armed robbery suffered by Respondent 9 in 2013, as well as the three closures suffered by Respondent 2 between January 2013 and the time of fieldwork.

Similarly, work seasonality is widely cited by the hair care enterprise operators. As Respondent 7 (Interview, 2 September 2014) notes:

Often, it is harder to get clients during winter than in summer. This makes sense, because there are more people walking around in summer. The more people there are walking around, the more likely your business is to go better.

Alternatively, Respondent 5 cites a period during which his friend and colleague from Du Noon spent some time working alongside him in his barber shop in Delft South:

Business was much better when he came around. He has been cutting hair for many years, so he can do different hairstyles. More customers came because of this. But then he had to go back to Du Noon. He taught me some styles too and I am still learning.

(Respondent 5, Interview, 2 September 2014)

#### **5.3.14. Suggested state interventions**

Respondents were then asked what they felt were the three most important contributions that the state can make towards promoting the profitability or growth of their businesses. After substantial probing, key issues were identified for urgent address. Frequently appearing those cited are crime, the lack of access to business finance mechanisms, as well as inadequate infrastructure.

Nevertheless, it is worth assessing the identified needs by sector in achieving a more nuanced view of potential areas for intervention.

In the spaza sample, responses such as “money for business” (Respondent 14, Interview, 1 September 2014) and “financial help” (Respondent 19, Interview, 1 September 2014) are indicative of the need for improved access to financial mechanisms in relation to the operators’ enterprises. The need for “more safety and security” (Respondent 18, Interview, 10 September 2014) was also generally agreed upon. Where similar intimations were provided, they varied only slightly. Following these trends are several individual suggestions following no particular order. These include the need for “support with buying goods” (Respondent 15, Interview, 2 September 2014), “some business schooling” (Respondent 16, Interview, 4 September 2014), as well as “better transport” (Respondent 17, Interview, 1 September 2014)

Fervently voiced by the shebeen operators within this sample is the need for a more efficient liquor licence application system. For Respondent 1 (Interview, 1 September 2014):

It would be very useful to have an office, either at the Municipality or anywhere close, dedicated to dealing with questions about liquor licence registration. I don’t know whether

any exists. There are many of us struggling with this thing; mainly because we don't even understand it fully.

This group further prioritizes the improvement of access to infrastructure; variously articulated to constitute “more space for business” (Respondent 2, Interview, 1 September 2014), or simply “proper space” (Respondent 3, Interview, 3 September 2014). Next is the importance of addressing crime as it affects the conduct of their businesses. Other notable citations include the need for skills training, as indicated by Respondent 4 in relation to better managing her shebeen. To this end, she notes that:

Many of us doing this kind of business have low schooling levels. Therefore, skills training becomes necessary, not just for learning how to keep the business going; but also for things such as liquor licence application procedures.

(Respondent 4, Interview, 3 September 2014)

Notably, the tavern operators agree that the current rezoning system must be made more efficient. Respondent 10 (Interview, 5 September 2014) argues that:

Much clarification is needed about whether it is necessary to apply for rezoning in an area such as this (Delft South). As far as I know, it is useless; yet we are still harassed for it by law enforcement authorities. Not only is this frustrating, but it also doesn't make any sense.

In their suggestions of possible state interventions, the operators in the hair care sample identify two key factors. Although the need for financial assistance is widely agreed upon, Respondent 5 (Interview, 2 September 2014) concedes that his being Nigerian means that it is “tough to ask government for help with money”. Respondents also point to the importance of infrastructure including toilet facilities (Respondents 5 and 20) and more space (Respondent 20) as necessary aids to the growth of their businesses.

#### **5.3.15. Affiliation with organizations**

None of the respondents are affiliated with any organization. This resembles the general lack of collective agency among workers in the informal sector, as identified in the literature (see Devenish

and Skinner, 2004). In contrast, the homeworkers of Asia are affiliated with MBOs. This has had many positive implications on their working environment and has also given them a collective voice in various negotiations (Chen, 2014: 70). Notable is the recurrence of exploitation as a hindrance to the livelihoods of many operators interviewed (particularly the shebeen owners). Critically, organization would ensure collective and more effective action against the exploitative practices suffered by this group. For the rest of the respondents, organizing holds promise in improving working conditions and in claiming rights (Chen, 2006). Given the lack of collective agency among the respondents, however, the said benefits are hard to come by.

#### **5.4. Assessment of space usage by informal enterprises**

The residents of Delft South occupy single household dwellings and have formal rights of tenure to the land on which their plots are situated. As such, households maintain exclusive use of their respective plots. Among the HBEs surveyed, residences are generally set back from the road and situated within yards enclosed by either fences or low walls demarcating their respective territories. This therefore allows for direct points of access. Apart from a few exceptions, these residences tend to occupy a larger portion of the overall plot; but leave some space around them. While some of these spaces are generous enough to allow for extensions or various outdoor uses, some are narrow and serve no function other than circulation. This also applies to those residences located along the high street. While the few enterprises in the sample which operate from shipping containers along the high street are relatively similar, diversity in design and character is mainly displayed by those operating in residences. Nevertheless, notable trends regarding space use emerge among the various sectors.

Figures 6 and 13-19 illustrate plan views of the spaza shops surveyed. Immediately noticeable is the clear separation between the more private domestic spaces from the retail spaces. This is achieved through solid partitioning by brick walls, with a door providing access. Tipple (2005: 620) similarly finds the separation of retail and domestic space to be of importance to HBEs engaging in retail activity, as this further allows that it be combined with other household tasks during less intense business periods. While the SR2 zoning designation renders operators in Delft South's spaza sector immune from rezoning application, one of the conditions is that an additional dwelling be occupied by the enterprise owner. As evidenced by the adjoining living areas, all the spaza shops thus fulfill this condition. However, the regulations prohibit, inter alia, video games and pool tables. While the



rest of the enterprises fulfill this condition, the one operated by Respondent 18 (Figure 18) is in contravention.

The spatial layouts of enterprises allow for clear internal circulation by the operators, and in turn afford unobstructed views of items for sale to customers. Although some shops contain sufficient shelving for the storage of stock (Figures 6, 13 and 16-19), others supplement it with the rest of the space available; and stock is always neatly stored (Figures 14 and 15). Noticeable is the prevalent use of rigid and defensive boundaries in the form of burglar bars at the service hatches. In their study of HBEs in Pretoria, Gough et al. (2003: 270-271) similarly note this to be a common feature. The authors further attribute this to the high rate of crime in the areas where HBEs are found. Given the emergence of crime a significant impediment to business growth in Delft South, this is to be expected. Noticeable is the difference in the configuration of these as used by Respondent 15 (Figure 15). With this operator being Somalian, this reinforces the high degree of fear prevalent among this group in light of the violent attacks they have experienced following their dominance and subsequent displacement of their South African counterparts from the spaza market (Basardien et al., 2014; Liedeman, 2013).

Figures 1-4, 6, 9 and 10 illustrate plan views of the alcohol retailers surveyed. The taverns in the sample focus exclusively on trading, and consumption occurs off-site. The shebeens, on the other hand, also accommodate social interaction in their venues. Yet whereas this occurs alongside trading in Figure 1, it is combined with domestic activities in Figures 2 to 4. This “domestication of entrepreneurialism” (Charman et al., 2014: 46) mirrors that discovered by Tipple (2005: 626) as regards HBEs in Surabaya (Indonesia). This condition is resembled most evidently in Figures 2 and 4, where the business activities similarly “spread widely throughout the dwelling allowing social activity and work to intermingle almost seamlessly” (Tipple, 2005: 626). Notably, the kitchen assumes the primary space of conducting business and accommodates domestic uses in addition, thus becoming over-capacitated at times in comparison to the more peaceful dining areas. These shebeens (Figures 2 and 4) also sell small quantities of alcohol stored in single fridges, with Respondent 2 (Figure 2) storing the rest of her stock off-site for fear of confiscation during police raids.

In contrast, Figure 3 displays a clear and rigid separation between the shebeen space and the home. However, accessing the shebeen space requires inevitably traversing domestic spaces including the bedroom. The shebeen allows for “drinkertainment” (Charman et al., 2014: 38), given its provision of alcohol products in addition to entertainment by a television and sound system. Notably, the

enterprises shown in Figures 2, 3 and 4 are all in contravention of the Western Cape Liquor Act as they do not own liquor licences. Were they to apply for rezoning, they would inevitably be unsuccessful, as they not only sell alcohol; but they also do this in spaces opening directly onto bedrooms.

The taverns (Figures 6, 8, 9 and 10), on the other hand, conduct high volume sales of 750ml beer; most notably Figures 8-10. This is evidenced by the many crates of beer bottles, both empty and full, which always take up the larger portion of the spaces wherein they are stored. Purchases are made in designated areas through hatches defined by bullet-proof glass. Apart from that belonging to Respondent 6 (Figure 6), all other taverns in the sample operate from double-story residences; whereby trading occurs on the ground floor, and living on the first. Given the ownership of liquor licences by the operators, deliveries are conducted directly their premises, and storage space is abundant. Although that belonging to Respondent 9 (figure 9) is was the only one sketched, Respondent 10 similarly utilizes a cold-room facility for alcohol storage.

Figures 5, 7, 11, 12 and 20 illustrate plan views of the hair care enterprises surveyed. In the sample, the premises wherein these enterprises are operated vary between brick-and-mortar buildings (Figures 7 and 11) and shipping containers (Figures 5, 12 and 20). The latter are either freestanding or attached to buildings. These in turn contravene zoning regulations stipulating that “any new structure or alteration to the existing dwelling house...shall conform to the residential character of the area” (CoCT, 2012b: 35). Nevertheless, those freestanding remain within the property (Figure 12), save for those located along the high street (Figure 20). In their findings from Madina (Ghana), Gough et al. (2003: 268) note the abundance of HBEs operating from kiosks or sheds either on the plot or on the adjoining road. For the authors, these enterprises are mainly those owned by, inter alia, hairdressers and barbers. These conditions are also resembled in Delft South. Moreover, the spatial layout of hair care businesses operating from shipping containers tends to vary only slightly from one enterprise to another.

Barber shops (Figures 5 and 12) employ simple layouts allowing for circulation in the centre of the premises, with business activities (mainly shaving or hair-cutting) performed along either side. The effective functioning of this circulation space is further reinforced by the central access point created by either one or two full-height doors swinging outward on hinges. The amount of clients able to be accommodated in the premises depends on the size of the container. Those rented by operators along the high street respond to the abundance of foot traffic along the busy thoroughfare.

However, the CoCT (2014) stipulates that “unused and old shipping containers, out of which many informal businesses operate, must be regulated to prevent the spread of ‘container cities’ (large groups of containers)” [and that] “permits are obtainable from the City’s Economic and Human Development Department”. Moreover, conditions for informal trading on road reserves stipulate that there be no interference with pedestrian movement (CoCT, 2012b: 36). As such, many of these structures situated along Delft South’s high street are in contravention of regulations on building standards and informal trade, and are thus “liable to be confiscated and perpetrators are obliged to pay the removal costs” [failing which they] “may result in...being sold on auction” (CoCT, 2014).

The salons in the sample (Figures 7, 11 and 20) tend to utilize a portion of the room’s central area for their business activities. Although slightly obstructed in comparison to the barber shops, circulation around the room remains possible. Where the brick-and-mortar structures housing these enterprises adjoin the main house, they resemble garages; and utilize roll-up doors facing onto streets for access by clients. These doors are also advantageous for the wide opens they allow, the better to reveal business activities inside and thereby attract more clients. Whereas some business premises allow direct access into the main house (Figure 7), some utilize separate access points (Figure 11). Accordingly, the latter are more favourable for renting out to an operator not residing in the main house.

## **5.5. Summary of findings**

In view of the findings from Delft South, it is clear that the HBEs in the area assume a ubiquitous income strategy for fending off deep poverty. Notable, however, are the different economic activities which characterize them; as compared to their international counterparts. Whereas the homeworkers of Asia mainly manufacture goods for local customers and international buyers (Chen, 2014); HBE operators in Delft South prepare and sell food and drinks, while others offer services to residents. Evidently, Delft South also displays a comparatively underdeveloped manufacturing and production sector where HBEs are concerned. Moreover, the diversity in types of operation is limited, as compared to the case of Asia (see Chen, 2014). With regard to the predominantly competitive HBE market discovered by Gough et al. (2003: 267) in Madina (Ghana) and Pretoria, so too has this emerged in the findings from Delft South. This owes to the generous overall scale of the area’s informal sector. As such, competition has been cited by most operators as a constraint to business growth; one which lowers general profitability as a result of saturated markets.

The lack of access to business financial services is another hindrance widely expressed among the operators of Delft South. Moreover, their low usage of both formal and informal financial institutions mirrors international trends (see Gough et al., 2003: 267; Tipple, 2005: 628). Starkly apparent are the negative effects of crime on the businesses of the Delft South sample. Notably, crime as a constraint to business growth is a trend mirrored by findings from other South African contexts including Khayelitsha (Cichello et al., 2011: 11) and Pretoria (Gough et al., 2003: 270). The international experience is very different; such as in Madina (Gough et al., 2003: 274) and Lahore (Pakistan) (Chen, 2014: 29). Notable is that the findings from the latter country mention crime only inasmuch as it is one of several manifestations of stressful conditions arising from the cost of living; but not as a factor impeding business growth as is the case locally.

The inadequacy of infrastructure emerges as a constraint to business growth for the operators of Delft South. Whereas the homeworkers of Asia cite the problem of power outages and load shedding (Chen, 2014: 24), the operators of Delft South cite issues including lack of storage space (shebeens and hair care) and inadequate toilet facilities (hair care). Only one spaza operator noted expensive and unreliable electricity supply.

The provision of business skills training for the operators of Delft South is also dismally low. Tipple (2005: 622) notes that the HBE operators of Pretoria acquire skills in the formal sector through training either on the job in a training school. Findings from Asia are similar (see Chen, 2014: 10). Evidently, the experience of Delft South attests to skills acquisition on the job; yet it is clear that state intervention is necessary in order to raise the level of skills among this group.

As is the case in Asia (Chen, 2014: 63), the findings from Delft South also demonstrate clear links between formal and informal economic activities. In Delft South, these links are illustrated by the operators' sourcing of goods from formal suppliers; and the cases where suppliers in turn assist the operators. However, in Asia the formal sector outsources work to the informal sector and the final markets are not only local but also international (Chen, 2014: 63). There were no such cases in Delft South. Reflecting on similar findings from Madina and Pretoria, Gough et al. (2003: 274) consider this distinction instructive inasmuch as it reflects the limits to growth inherent in the home-based sectors of these contexts, despite their critical role in poverty alleviation. Nevertheless, another interesting finding from Delft South is the usefulness of collective purchasing, as demonstrated by the sole Somali operator. This has reinforced earlier findings as regards the superior business strategies commonly possessed by this group (see Basardien et al., 2014; Liedeman, 2013).

Delft South displays dismal results where state-operator engagements are concerned. As regards spaza and hair care enterprise operators, relationships with the state are largely non-existent. This invisibility has similarly been noted with respect to HBEs in Pretoria and Madina (Gough et al., 2003: 274), as well those in Surabaya (Indonesia), Cochabamba (Bolivia), and New Delhi in India (Tipple, 2005: 621). The alcohol retailers of Delft South, on the other hand, experience state relationships marked by varying levels of distress. While comparatively mild where tavern owners are confused by requests from the police regarding zoning certificates; they are most vexatious where the police raid shebeens and call for business closure where owners are unable to produce liquor licences. Of concern are also the bribes sometimes solicited by these officials in return for their leniency in enforcing this harsh law.

On this note, the findings from Delft South clearly demonstrate the dark side of law enforcement in relation to informal livelihoods. Mirroring Chen's (2014) observations as regards HBEs in Asia, the experience of Delft South displays the capacity of law enforcement to, not only do harm, but also to criminalize entrepreneurs. Interestingly, these livelihoods persist despite the stringent working environment. In Delft South, responses to tough law enforcement include various strategies of adaptation, as is demonstrated by the off-site storage of liquor by Respondents 2 and 3. As such, liquor law enforcement under the Western Cape Liquor Act has proven largely unsuccessful in achieving its aims to reduce harmful drinking in this area. This also resembles findings from Sweet Home Farm (see Charman et al., 2014: 46).

Critically, the findings have revealed the lack of organization among operators in the Delft South sample. This is particularly worrying, given the many hindrances to business growth and negative experiences cited by this group. The international experience is strikingly different. In Chen's (2014: 70) study, the homeworkers of Asia perceive much value in being affiliated to MBOs. The collective action facilitated by this has had far reaching consequences in improving their overall working conditions. This precedent suggests that solutions to some, if not many, of the issues facing the current sample of operators might be better negotiated through collective agency which organizing allows. However, their failure to do this renders many benefits hard to achieve.

This chapter has presented the findings from the fieldwork conducted in Delft South. It has also provided a detailed account of the processes of the area's informal sector. Moreover, the findings have made it possible to position Delft South within the understanding of some of the issues facing

home-based livelihood strategies, both in South Africa, and the developing world. This case material has been useful in providing answers to the question: *What are the key constraints to securing informal livelihoods in Delft South?* In so doing, answers to the related subsidiary questions have also been provided. Due to the size of the research sample, the findings have been indicative; and not representative. Importantly, the chapter has documented the perspectives of informal business operators, and has provided useful clues of how planners can make meaningful interventions in supporting the informal livelihoods of Delft South.

## **Chapter 6: Conclusion and Recommendations**

This Chapter provides recommendations for supportive strategies which promote an environment conducive to securer informal livelihoods in Delft South. The chapter is divided into six sections. The first provides reflections and concluding notes on the overall findings from the research. It then sets out key imperatives for planners tasked with carrying out supportive interventions on the informal sector in areas such as Delft South. The second section advances recommendations based on the suggestions provided by the informal operators of Delft South during fieldwork, as well as the foregoing imperatives. It details the institutional arrangements necessary to support the implementation of strategies in Delft South, and proposes an area-based management framework in to this effect. This is with a view to supporting the informal livelihoods of the operators and improving the profitability of their ventures. The third section proposes interventions aimed at all sectors, while the fourth proposes those addressing sector-specific needs. The fifth section reflects on the advantages of adopting the above approach in Delft South. The sixth section sketches a way forward as regards key topics for future research.

### **6.1. Key imperatives for planners**

In view of the findings presented by this study, evident is the crucial role of HBEs, not only as livelihood strategies for many poor households; but also as both social and economic resources. Implicit in this is therefore the important position they assume in enhancing communities, while also contributing to local economies. However, the study has also revealed the multiple constraints impeding the performance of these ventures. Worryingly, these constraints are often met with official apathy, both internationally and locally.

Cape Town is part of a larger South African dynamic of cities badly scarred by apartheid spatial planning. Like many, it too faces the daunting task of undoing centuries of divisive settlement planning. Spatial injustices remain evident in the separation of the poor residents of the city from areas of economic opportunity. Moreover, attempts at addressing the city's inefficient spatial structure have repeatedly exacerbated the apartheid model. A clear reflection of this is the myriad of low-density, low-income settlements which repeatedly mushroom on the outskirts of the city centre. These settlements contain a large portion of the city's population; one confronted by the realities of social inequality and high levels of marginalization.

. The impacts of apartheid spatial planning are strikingly apparent where Delft South is concerned. Firstly there is the substantial distance between the township and the Cape Town city centre and/or industrial areas. Within the township, unemployment is deep, severe and pervasive; with most residents effectively excluded from the prospect of work in the formal labour market. These have become both structural and common features of the everyday life of Delft South. Equally common are the home-based livelihood endeavours in direct response to these features. Similar to their international counterparts, these operators are plagued by a complex set of constraints to growth. Again, official attitudes to their plight are largely disappointing. Apparent from the findings has been the persistence of a problematic relationship between these economic activities and land use planning. As such, the profession of spatial planning is brought into question as to whether it is responding to the plight of HBEs in a meaningful way.

From the findings, state approaches to land use management in Delft South have been largely ambiguous where HBEs are concerned. Noticeable has been their oscillation between neglect and control. Nevertheless, a common feature of these two poles is a general lack of regulatory support afforded to the range of livelihood strategies that operate from the home. Yet these strategies remain a reality of Delft South. However, the findings have revealed that the planning profession is not engaging sufficiently with this reality. Delft South displays some signs of state provision as regards infrastructure and housing. While this has been effective in providing spaces for living, there has not been enough consideration by planners as to the livelihoods that these spaces incorporate. Moreover, the preconditions for enhancing these livelihoods have not been afforded careful attention.

With high levels of unemployment pitted against persistent structural inequalities, Delft South presents a potentially difficult problem as regards meaningful planning intervention in support of the informal sector. Nevertheless, pro-livelihood approaches are possible; but they require a new paradigm for their effective realization. This is a paradigm which rethinks the city as one whose informal sector is pivotal for broadening the opportunities of those who remain marginalized. This entails that informal workers be regarded, not as criminals, but instead as legitimate economic agents. The diversity of their activities also needs to be acknowledged. As such, pro-livelihood approaches need to be sector-based, to allow planners to formulate a more appropriate and supportive regulatory and planning framework. Importantly, a sector-based lens might also allow for the infrastructural needs of informal workers to be better addressed.



Planners have a crucial role to play in bringing these possibilities to fruition. As the agents of spatial change, they are in a position to influence settlement design and management in a manner which supports informal economic activity. They can do this by ensuring that the spaces wherein informal workers operate are those which enjoy the benefit of increased foot traffic. Through the powerful tool of land use management, planners also influence the regulation of spaces which support informal livelihoods. In relation to the HBEs of Delft South, planners need to intervene from a position which acknowledges their importance as coping strategies for households trapped in poverty. Thereafter, land use management should not emphasize control, but rather cooperation with the economic agent(s) in question; and should provide the support necessary for the growth of their businesses. In so doing, this kind of management would thus be consonant with the aforementioned paradigm. Moreover, its emphasis on cooperation reflects its pro-livelihood and 'bottom-up' orientation.

Finally, the findings from the study have been far-reaching in their provision of a detailed, empirically-grounded sense of the township economy. For planners engaging in similar contexts, such studies assume a critical point of departure. They provide a nuanced understanding of ways for meaningful interventions in environments fraught with complexity. This has important implications for policymaking, as it allows for informed decision-making which remains true to normative goals.

## **6.2 Recommendations**

Research findings indicate that informal economic activities are a ubiquitous feature of Delft South. Importantly, they assume the primary means of income generation and livelihood amid the low levels of employment characterizing a large portion of the area's population. Despite this reality, various constraints to these livelihoods persist. Critically, interactions between a significant portion of the area's informal sector workforce and the state have been found wanting. Where interactions exist, they are often strained. This necessitates a platform through which the needs of Delft South's informal operators might be addressed directly, with little navigation of bureaucracy. Moreover, it is important that such institutional presence employ a 'bottom up' approach in tending to the issues faced by the operators. A decentralized, area-based approach focusing specifically on the informal sector of Delft South therefore carries much promise in ensuring a supportive role by the state.

### **6.2.1. Institutional Arrangements: Area-based management**

In drawing on the experiences of the Warwick Junction Urban Renewal Project (Durban, KwaZulu Natal), evident is the potential of area-based management to allow for a closer link between planning and implementation. Of significance about this project was its creation of an institutional space allowing that Council officials be in close proximity to the sites of informal traders, should this group wish to raise any concerns. This institutional presence in the area was critical in that it was to eventually serve as a means to secure funding and to coordinate the various departments involved in street trading activities. Ultimately, this project improved livelihoods by allowing that infrastructure be appropriately designed for specific trader needs. The Warwick Junction Urban Renewal Project provides an important precedent regarding appropriate approaches towards supporting the informal livelihoods in Delft South. To this end, area-based management holds much promise.

Area-based management would facilitate a collective and integrated formulation of strategies aimed at improving the livelihoods of Delft South's informal sector. Given the increased focus that would be dedicated to supporting this area alone, further disaggregation of the sector into the various subsectors as identified in this study would be all the more achievable. The management team overseeing all necessary functions would, of necessity, be stationed in Delft South; thus allowing for increased visibility and access by the area's informal sector workforce, and vice versa. This team should comprise various departments charged with fulfilling relevant duties, some of which are mentioned below.

Provincial government stakeholders should comprise representatives from the Department of Labour (DoL) as well as the Liquor Board. Given the emergence of crime as a significant constraint to business growth experienced by a large portion of the respondents in the research sample, it would also be critical to include representatives the SAPS. This would be supplemented by representatives from the CoCT's Law Enforcement Branch. The CoCT's LAED branch is currently charged with improving the capacity of communities in prioritized areas to access jobs, income and business opportunities. This is carried out with a view to supporting the informal sector and ensuring its growth (CoCT, 2014). With Delft South as a recommended area of priority, it would thus be useful to include representatives from this branch as stakeholders in charge of carrying out such duties with respect to the informal sector of Delft South. In addition, it is worth including a community liaison officer whose primary purpose will be to ensure that the informal operators get the maximum benefit from the tasks fulfilled by the area management team. Accordingly, this individual will work

closely with the existing Ward Councillor of Delft South, and will also be in charge of liaison between the CoCT, the area management team and the informal operators where necessary. External stakeholders would include representatives from relevant departments of tertiary institutions. Their contribution would be invaluable in either the conduct or oversight of business skills training for the operators. Importantly, all departments of the proposed team would partake of planning, implementation and monitoring where the informal sector of Delft South is concerned.

### **6.3. Cross-sector interventions**

This forms the next step from the commitment expressed through the previous initiative. Moreover, area-based management will assume a facilitative role in the implementation of cross-sector interventions for the area's informal sector. Accordingly, the cross-sector interventions have been informed by the findings from the fieldwork in Delft South. The business constraints identified by the operators straddle various sector-specific and individual needs. Nevertheless, it is possible to discern issues which feature prominently in the research findings. These therefore inform key imperatives identified as critical starting points for intervention by the area management team. They include promoting the organization of workers and tackling the issue of crime. Critically, it is recommended that these interventions go hand-in-hand, the better to ensure collective and thus more effective action in addressing crime. Nevertheless, the respective interventions by the area management team are considered in turn.

#### **6.3.1. Organization**

The findings have highlighted the general lack of organization among the sample of respondents from Delft South. To this end, intervention by the area management team should entail that it create more awareness among workers about the advantages of organization. Following this should be its establishment of channels which both encourage and make it possible for the informal operators to participate in governance mechanisms. This would serve as a catalyst for further initiatives of collective agency which are responsive to the needs operators. In so doing, on-going interaction among the management team and the informal operator organizations should be maintained. Furthermore, these organizations should be included in negotiations concerning policy issues; with structured mechanisms of appeal also put in place. A critical role of the area management team is thus also the provision of a space in which to accommodate these interactions. Having organized among themselves, the informal operators of Delft South will be better able to effectively address

many of the issues constraining the growth of their businesses and thus also improve their overall working conditions. Moreover, organization will ensure better coordination of subsequent strategies aimed at supporting their livelihoods.

### **6.3.2. Crime**

The findings have highlighted the high incidence of property crime as a significant constraint to business growth affecting many informal operators in Delft South. In addressing this issue, the formulation of strategies should begin by concerted efforts by the area management team towards creating awareness among the police force in charge of Delft South. The importance of the informal sector both generally and in the area should be emphasized, given its contribution to the local economy. It is also worth stressing the importance of responsive policing serving to protect the informal sector workforce and to discourage the pervasive criminal activity that hinders it.

Critically, the informal traders themselves should assume an active role in the initiatives towards crime prevention. Working closely with SAPS and the CoCT's law enforcement team, informal trader organizations should partake of decision-making processes as to the most effective means of crime prevention with respect to their business. To this end, informal enterprise operators should also be trained and taught about the most appropriate action to take in the event of various crime incidents. Furthermore, their means of alerting authorities to crime incidents should be made efficient and reliable. This can be facilitated by the establishment of a parallel container industry dedicated to serving as a mechanism for standardizing and managing security concerns among the informal operators of Delft South. This will ensure quick response by the police, whenever necessary. Importantly, it will allow for a safe working environment conducive to business growth.

### **6.4. Sector-specific interventions**

Similarly informed by the findings from fieldwork, the sector-specific interventions are aimed at addressing business constraints which are common by sector. These interventions focus on the facilitation of capacity building and skills training for the workforce. This is to be accompanied by improving access to business finance mechanisms. Also important is the building of linkages between formal and informal enterprises so as to allow more benefits to the latter group than is reflected by trends in the findings. Interventions also address the lack of access to infrastructure and

competition as they affect the sectors that have cited these conditions as business constraints. Improved approaches to law enforcement and regulation are also considered. Strategies in line with these imperatives are proposed in turn. Important to stress is the critical role to be played by the organizations as regards further coordinating all strategies to ensure that appropriate and effective support is provided where needed.

#### **6.4.1. Business skills training and finance mechanism**

Section 4.1.1 has highlighted the inefficient system of business skills training services currently available to the informal sector. This condition has also been mirrored by the findings from Delft South, as none of the operators interviewed had received structured lessons on business skills. As such, it is clear that skills training is an area requiring urgent intervention by the area management team. Nevertheless, fulfilling this task will necessitate a financial commitment from the Department of Labour (DoL) as regards the subsidization of training providers, as well as the funding of part-time training for the operators of Delft South. Moreover, the content of training should be geared towards fostering entrepreneurial orientation among this group, as this is vital for business growth. Examples of life skills required across the sector might include negotiation, assertiveness, conflict resolution, as well as education on the regulatory bodies responsible for the oversight of their business ventures. Nevertheless, an appropriate overall framework would be one whose flexibility is in tune with the varied nature of business strategies used by operators within the three sub-sectors.

As much as basic financial literacy and numeracy skills might be important for some operators, there might be others requiring literacy skills. The training framework thus needs to take such and other distinguishing factors into account. Importantly, training should be conducted in formats understandable to operators. This therefore suggests the importance of employing a variety of formats that are both visual and textual. Moreover, the relevance of these programmes should be enhanced by linking them directly to their experiences of daily business activities. Finally, it would be useful to conduct training sessions in close proximity to the operators' business locations; and on a part-time basis, in order to create as little interruption to their business activities as possible. As such, the area management team should consider securing mobile units which would allow for these lessons and information-sharing sessions to be conducted.

The lack of access to finance mechanisms experienced by a significant portion of the informal sector has been highlighted. This owes a range of factors including lack of awareness of existing

programmes and complicated registration procedures involved. Moreover, the services offered have been found to be of little relevance to the business needs of informal operators (see Section 4.1.1). This condition has been reinforced by the findings from Delft South. Also worrying as regards the latter findings has been the increased difficulty experienced by foreigners as far as access to finance mechanisms is concerned.

For the operators of Delft South, the provision of business skills should be linked to the facilitation of access to finance mechanisms. This would better equip operators to manage their business finances in a safe and sustainable manner. A critical component of intervention by the area management team would entail awareness creation as regards financial service providers available to the operators of Delft South. In so doing, operators would benefit from being informed of service providers who are sensitive to their specific needs. Moreover, these service providers should have clear and streamlined application procedures. They should also be willing to accept small deposits and provide financial advice relevant to the various subsectors in which their clients operate.

The importance of linking this provision with business skills training is that the latter will have covered a range of relevant topics including precautionary savings, loans and credit, as well as debt management. Critically, the issue of foreigners seeking access to finance mechanisms requires a prior commitment by national government to reviewing and improving national legislation on migration. Accordingly, the registration process granting asylum seekers and migrants the right to self-employment should be made more efficient with a view to subsequently increasing their ability to access business finance mechanisms.

#### **6.4.2. Building informal – formal business linkages**

The research findings have demonstrated clear links between formal and informal economic activities through the operators' purchasing of goods from formal enterprises. However, also apparent has been a lack of assistance received by most of the operators from their suppliers; with the exception of the tavern owners. Interestingly, the only case of assistance received by a spaza operator was one where bulk purchasing was involved. The generally weak relationships between formal and informal enterprises, as gleaned from the findings, thus necessitate state interventions with a view to reinforcing them.

As such, the task of the area management team should be to address each sector according to the linkages relevant to it. In so doing, the goal should be to promote interaction between the organizations of both formal and informal enterprises. These interactions should be guided by the goal of formulating stronger relationships which make it possible for both groups to benefit. It is also important that this have positive implications on relationships between formal and informal enterprises. The manifestations thereof will be, inter alia, increased willingness by formal enterprises to provide discounts. Nevertheless, this would in turn rely on informal operators' increased conduct of bulk purchasing.

The area management team should therefore formulate strategies towards awareness creation for informal operators where this is concerned. This should be combined with establishing partnerships between the informal businesses themselves, which will increase their capacity for collective purchasing and acquiring discounts in return. Importantly, reciprocity between formal and informal enterprises should be ensured throughout. Finally, further awareness creation among the operators should go towards the importance of collectively transporting goods. There is much opportunity for this, given that many of the operators own private vehicles. Amongst themselves, they should therefore identify those in a position to transport a great deal of stock. The cost-effectiveness of this strategy will be increased with more goods transported.

### **6.4.3. Infrastructure**

The findings have revealed infrastructure to assume a pivotal element to the enterprises of the respondents in Delft South. However, various inadequacies have been cited among the sample of respondents across the three sectors. As such, this calls for action by the area management team. As demonstrated by the findings, the infrastructural needs of the operators are varied; examples cited included include storage space, toilet facilities and trading facilities. It would thus be useful for the organizations to begin by compiling a detailed register of all needs and issues experienced by their workers, followed by the provision of necessary support. In so doing, important to bear in mind is the likelihood that many of these operators might not be able to afford the market-related prices for such provision. This is demonstrated by the predominance of low earnings by a significant portion of workers. As such, the area management team should ensure that the provision of infrastructure is subsidized.

#### **6.4.4. Competition**

The issue of competition has emerged as source of much frustration for informal operators across the three sectors surveyed during fieldwork. With Delft South being area where informal economic activities occur in abundance and assume the predominant mode of income generation, it is likely that such a condition will arise. Nevertheless, it is in the spaza sector where this condition has been known to manifest in violent confrontation. This issue therefore requires action on the part of both the area management team and the organizations.

Working closely with the organizations, it would be useful to establish an appeal mechanism for joint and amicable dispute resolution. This would serve as a platform for voicing concerns which could otherwise result in violent eruptions if left unattended. Issues of price-setting can also be thrashed out where necessary. Important in this strategy is its facilitation of a healthy working environment. Negotiations should be led by one or more officials from the area management team. These would have to be skilled individuals capable of appreciating and dealing with sensitive issues voiced by informal traders. As such, it might be necessary that they too receive prior training to this effect. In view of employing this strategy to address the spaza sector, approaches to conflict resolution should be guided by the understanding that spaza shops are a vital component of local commerce. It is thus worth inculcating upon all spaza operators that the “fast take-over by Somalians” (Respondent 19, Interview, 10 September 2014), or any other foreign national, in fact presents an opportunity to learn from their superior approaches to business. It is in so doing that they too might sharpen their business acumen and formulate creative and peaceful approaches to business growth.

#### **6.5. Advantages of area-based management in Delft South**

The proposed approach advances from a recognition of the important role assumed by the informal sector of Delft South on employment generation for the residents of the area. Moreover, it acknowledges the realities, dynamics and needs of this group as well as their locality; and utilizes all of these in fostering a collaborative planning process. Such a planning process is important, as it recognizes and incorporates the peculiarities of contexts in which it takes place. This strategy formulation has also avoided a ‘one-size-fits-all’ approach, as interventions have been linked to specific needs as identified by the informal operators themselves. This has in turn facilitated targeted sector-by-sector support, as well as appropriate initiatives directly responding to the needs of the informal operators of Delft South. As such, they embody a ‘bottom-up’, pro-poor and pro-



livelihood state interventions appropriate for the incubation and growth of informal enterprises in the area. Nevertheless, their successful implementation depends on the integrated planning that area-based management allows for; as well as the collective agency facilitated by organization among workers. The area-based approach has thus also allowed for an institutional space which is to serve as a platform for voicing the demands of the worker organizations.

The role of planning in Delft South's area-based approach is then one of integration and cooperative governance. In light of the multiple stakeholders that the approach relies on, planning should therefore facilitate the creation of a space in which these stakeholders can collectively formulate strategies to address the aforementioned needs. Moreover, planning in this context should seek to reduce potentially conflicting interests. Implicit in this is therefore the planner's role as a mediator among the stakeholders; one seeking to facilitate agreements leading to both supportive and transformative outcomes for the livelihoods in the informal sector of Delft South.

## **6.6. Areas for future research**

The prospect of low-cost housing in Delft South is one which requires much consideration by spatial disciplines including planning, urban design and architecture. Further research could thus explore ways of both conceptualizing and realizing human-centred design approaches in this regard. However, it is pivotal that these approaches be ones that incorporate *what is already there*, particularly regarding the livelihood strategies of households in the area. Implicit in this are considerations of how livelihoods can be enhanced through spatial planning and design; and how people's homes might best be designed in such a way that they double up as productive spaces.

The high impact of crime on the informal sector of Delft South necessitates further study as regards strategies best suited to addressing it. Further research could then consider the role of community-led planning in this regard. The current research has demonstrated the usefulness of collective agency in addressing issues. This notion therefore needs further exploration into its potential to catalyze collective action by entire communities, and what the implications of this might be in achieving social justice. This might therefore also go some way towards addressing the high crime rate in the area, particularly from a planning perspective.

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## **Appendix**

## **Appendix 1: Maps**



## LEGEND

**Site 1** Respondent 1: Shebeen  
Respondent 14: Spaza shop  
Respondent 17: Spaza shop


**Site 2** Respondent 2: Shebeen  
Respondent 5: Shebeen  
Respondent 10: Tavern  
Respondent 15: Spaza shop

**Site 3** Respondent 3: Shebeen  
Respondent 6: Spaza shop  
Respondent 18: Spaza shop

**Site 4** Respondent 4: Shebeen  
Respondent 7: Salon  
Respondent 11: Salon  
Respondent 12: Barber shop

**Site 5** Respondent 9: Tavern  
Respondent 16: Spaza shop  
Respondent 20: Salon

**Site 6** Respondent 8: Tavern  
Respondent 13: Spaza shop  
Respondent 19: Spaza shop

 Study area boundary

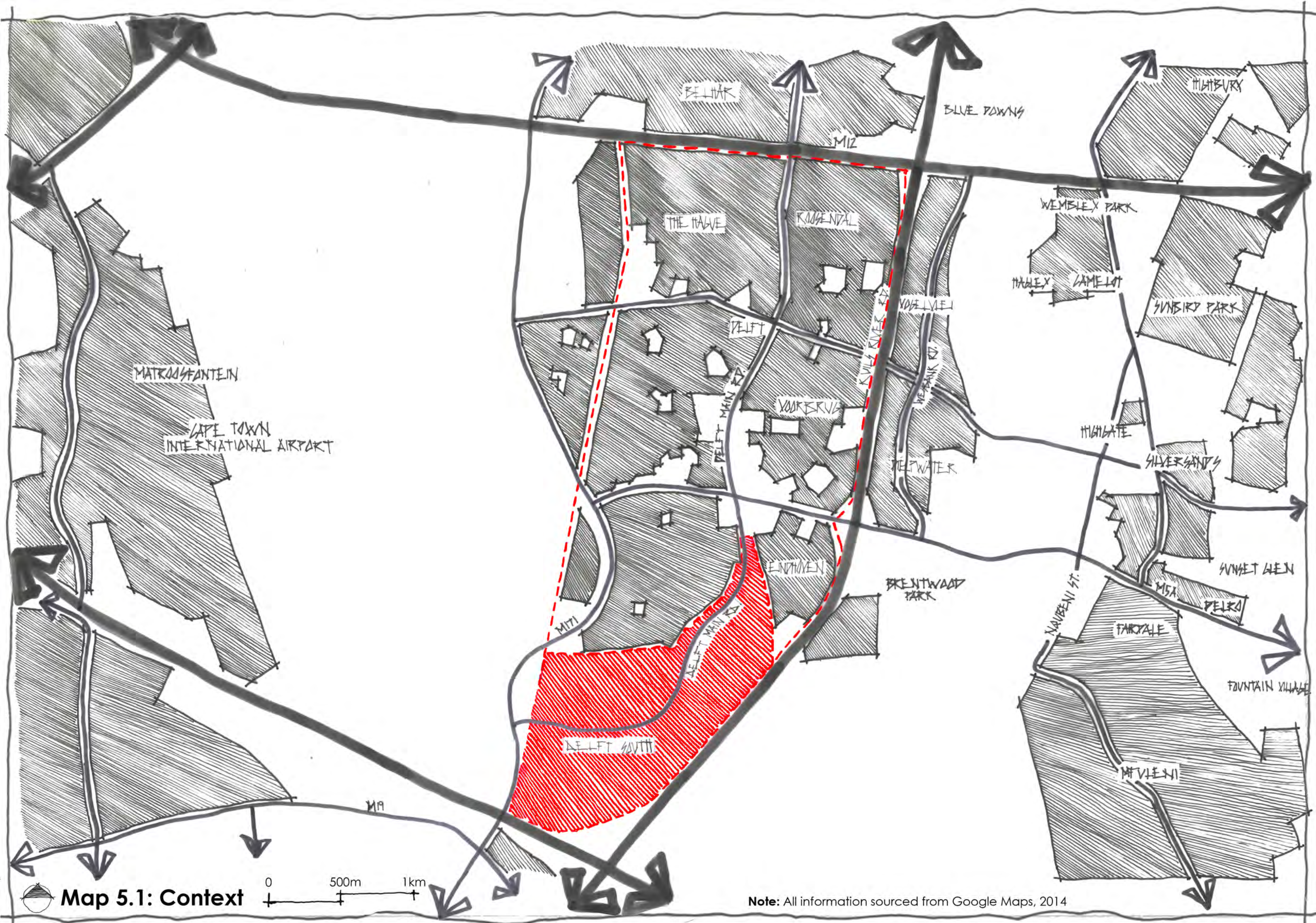


**Map 3.2.6: Research Sites**

0 500m





Map 5.1: Context

Note: All information sourced from Google Maps, 2014





### Map legend

Enterprise category and count of enterprises

●	Spaza	176
🏠	House shop	124
🍷	Shebeen	83
✂️	Personal services	73
🔧	Mechanical/ electrical services	58
⛪	Place of worship	38
🏭	Manufacture	36
🎓	Educare	32
🍷	Take aways	31
👤	Trade	25
🎮	Game shop	23
✂️	Building services	22
🌿	Green grocer	21
♻️	Recycling	16
🍷	Tavern	18
🍷	Food retail	14
💻	Business services	12
📞	Phone shop	10
🍷	Soup kitchen	8
🍷	Butchery	7
🌾	Agriculture	6
🚗	Car wash	6
🔪	Drug dealer	6
🏠	Community	5
✂️	Restaurant	5
🔪	Fire wood	4
🚗	Transport	3
🏠	Wholesaler	2

 **Map 5.2.1a: Spatial distribution of micro-enterprises**  
Scale 1: 15 000

**Note:** All information sourced from SLF data; drawing on Census 2001 and Community Survey 2007





**Map 5.2.1b: Dominant Sectors**

0 500m

**Note:** All information sourced from SLF data; drawing on Census 2001 and Community Survey 2007

### LEGEND

-  Alcohol retailers (shebeens & taverns)
-  Hair cair (salon & barber shops)
-  Home-based grocery stores (spaza shops)
-  Study area boundary






**Map 5.2.1c: Spaza shops**

0 500m

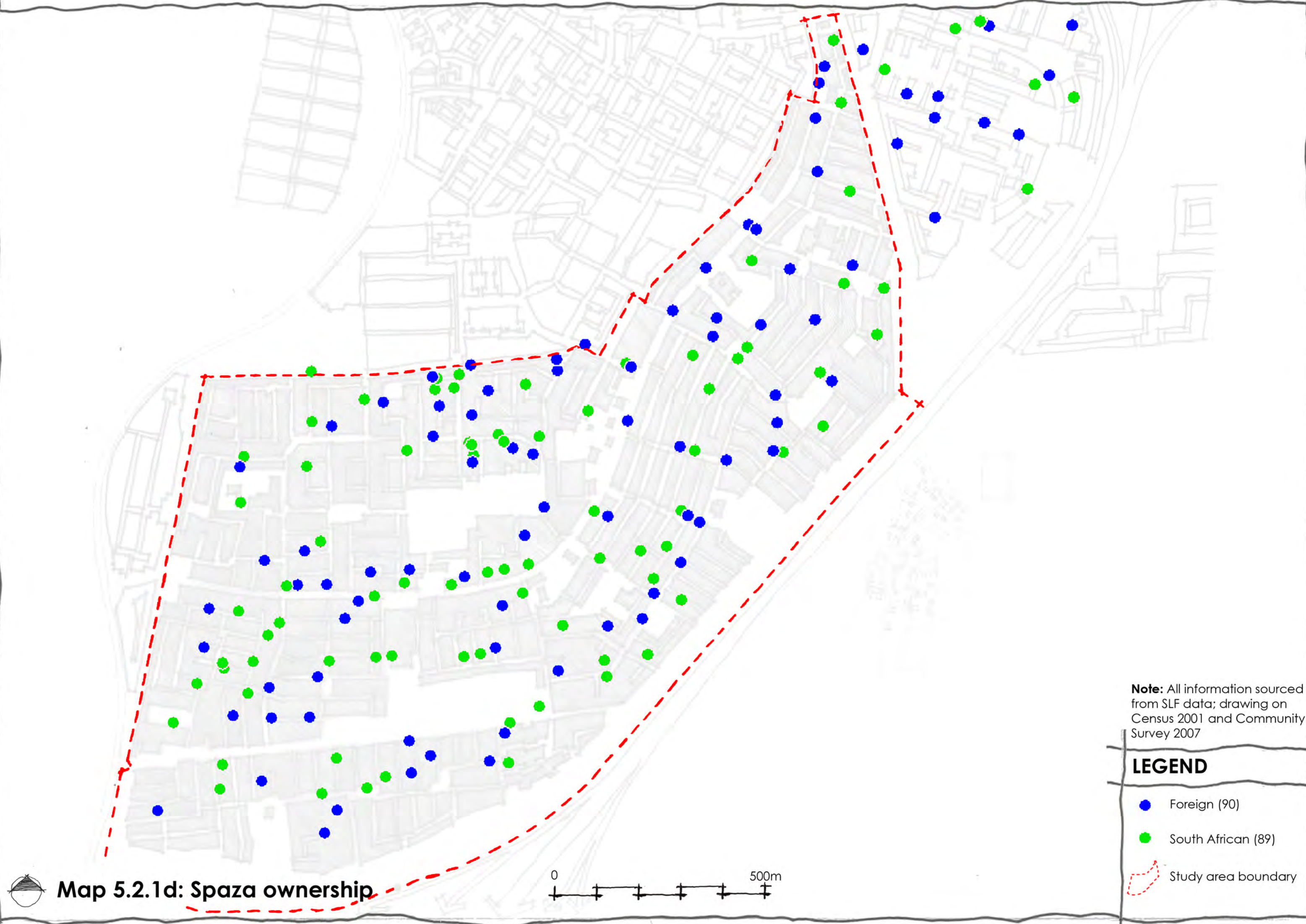
**Note:** All information sourced from SLF data; drawing on Census 2001 and Community Survey 2007

### LEGEND

 Home-based grocery stores (spaza shops)

 Study area boundary





**Note:** All information sourced from SLF data; drawing on Census 2001 and Community Survey 2007

### LEGEND

- Foreign (90)
- South African (89)
- Study area boundary



**Map 5.2.1d: Spaza ownership**

0 500m







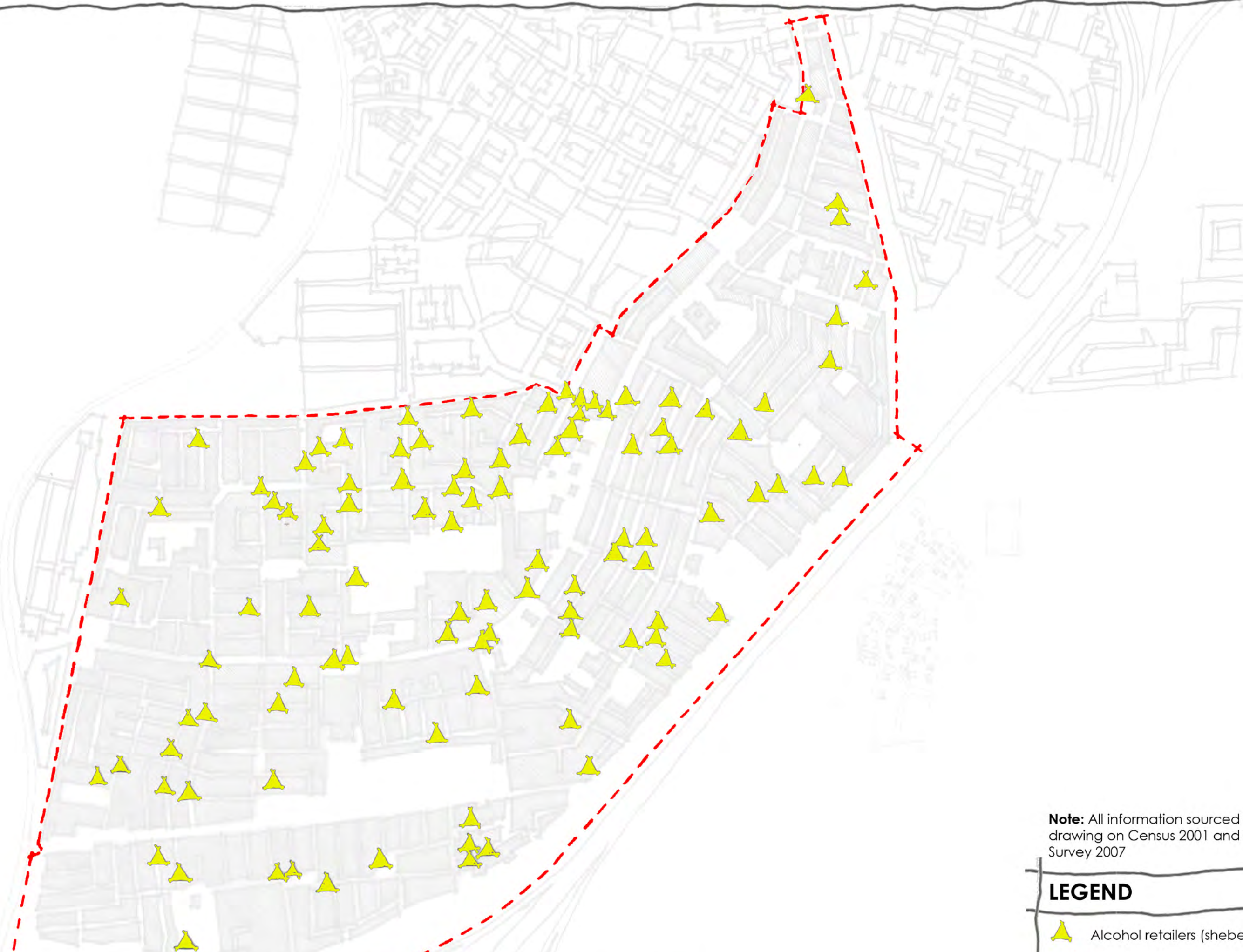
**Map 5.2.1e: Alcohol retailers**



**Note:** All information sourced from SLF data; drawing on Census 2001 and Community Survey 2007

**LEGEND**

-  Alcohol retailers (shebeens & taverns)
-  Study area boundary







**Map 5.2.1f: Hair care**

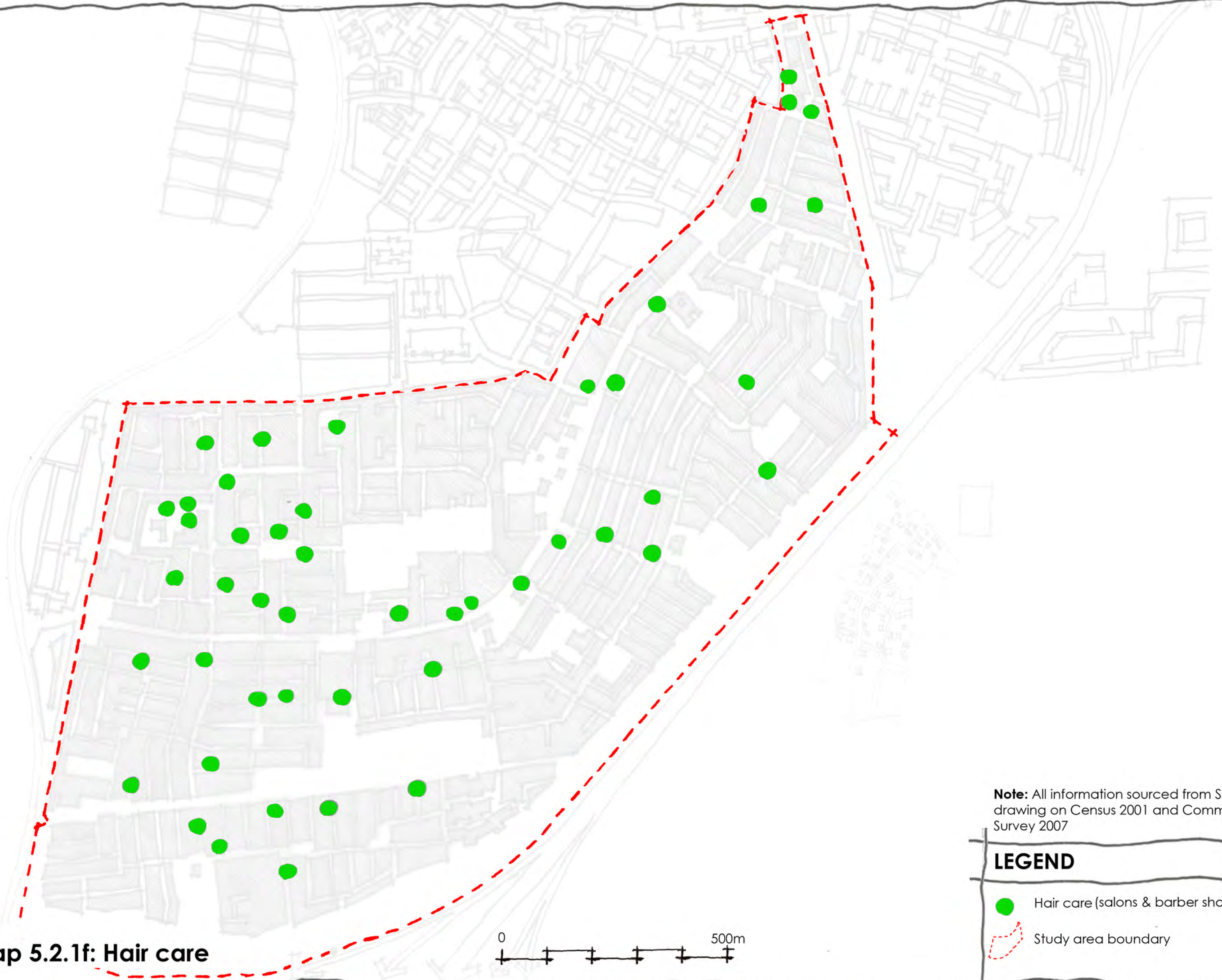
0 500m

**Note:** All information sourced from SLF data;  
drawing on Census 2001 and Community  
Survey 2007

### LEGEND

● Hair care (salons & barber shops)

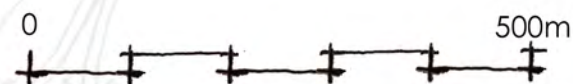
Study area boundary














Map 5.2.2a: Zoning categories

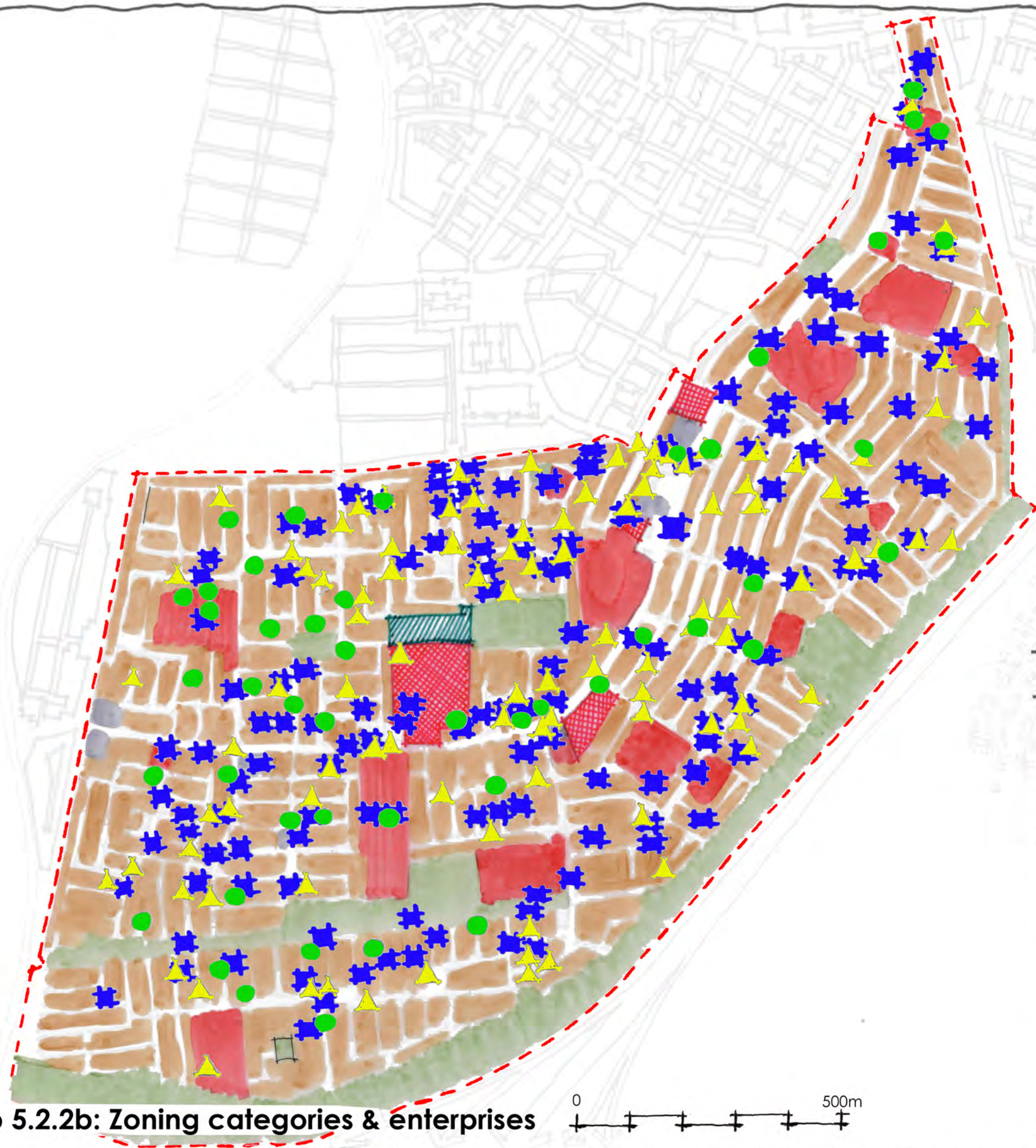


**Note:** All information sourced from the CoCT Zoning Viewer, 2014

### LEGEND

-  Single Residential 2 (SR2)
-  Community Zone 1: Local (CO1)
-  Community Zone 2: Regional (CO2)
-  General Business Zone 1 (GB1)
-  Open Space Zone 2: Public Open Space (OS2)
-  Open Space Zone 3: Special Open Space (OS3)
-  Study area boundary



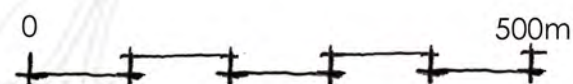


**Note:** All information sourced from SLF data; drawing on Census 2001 and Community Survey 2007. Zoning information sourced from the CoCT Zoning Viewer, 2014

## LEGEND

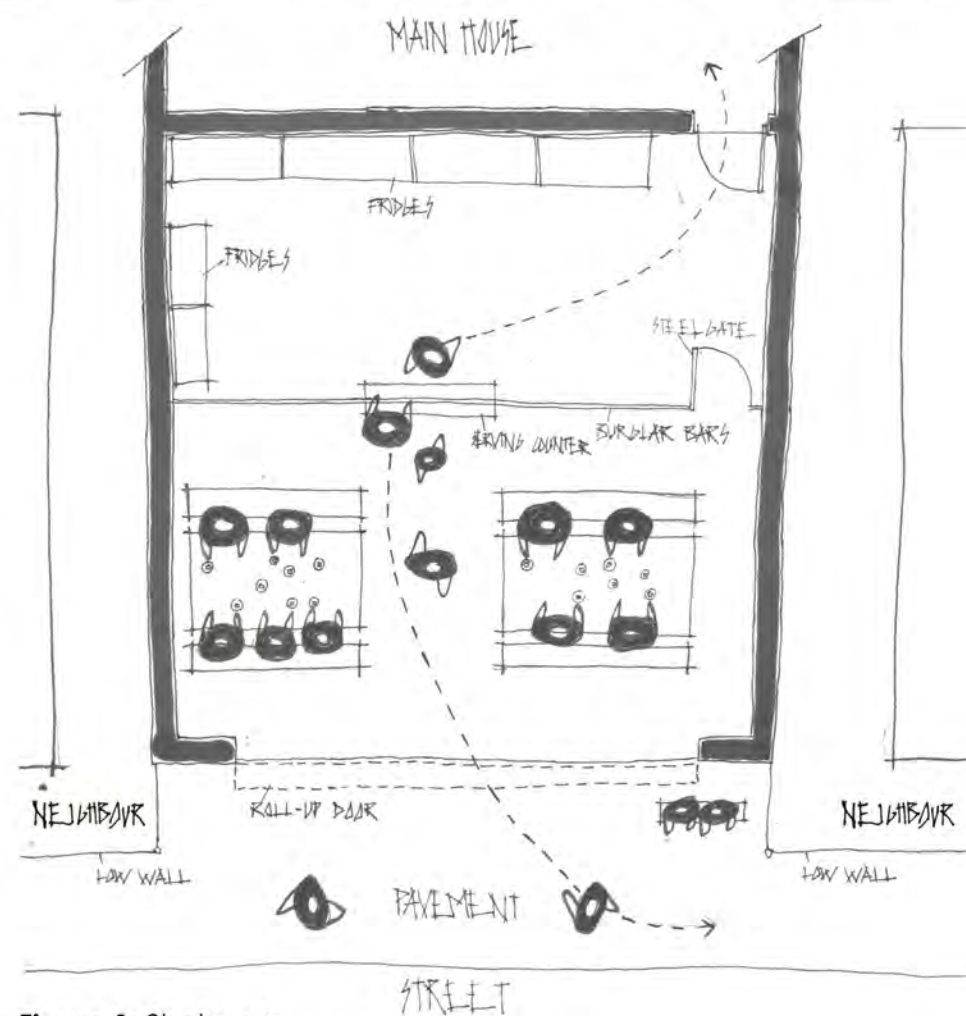
- Single Residential 2 (SR2)
- Community Zone 1: Local (CO1)
- Community Zone 2: Regional (CO2)
- General Business Zone 1 (GB1)
- Open Space Zone 2: Public Open Space (OS2)
- Open Space Zone 3: Special Open Space (OS3)
- Home-based grocery stores (spaza shops)
- Alcohol retailers (shebeens & taverns)
- Hair care (salons and barber shops)
- Study area boundary

**Map 5.2.2b: Zoning categories & enterprises**

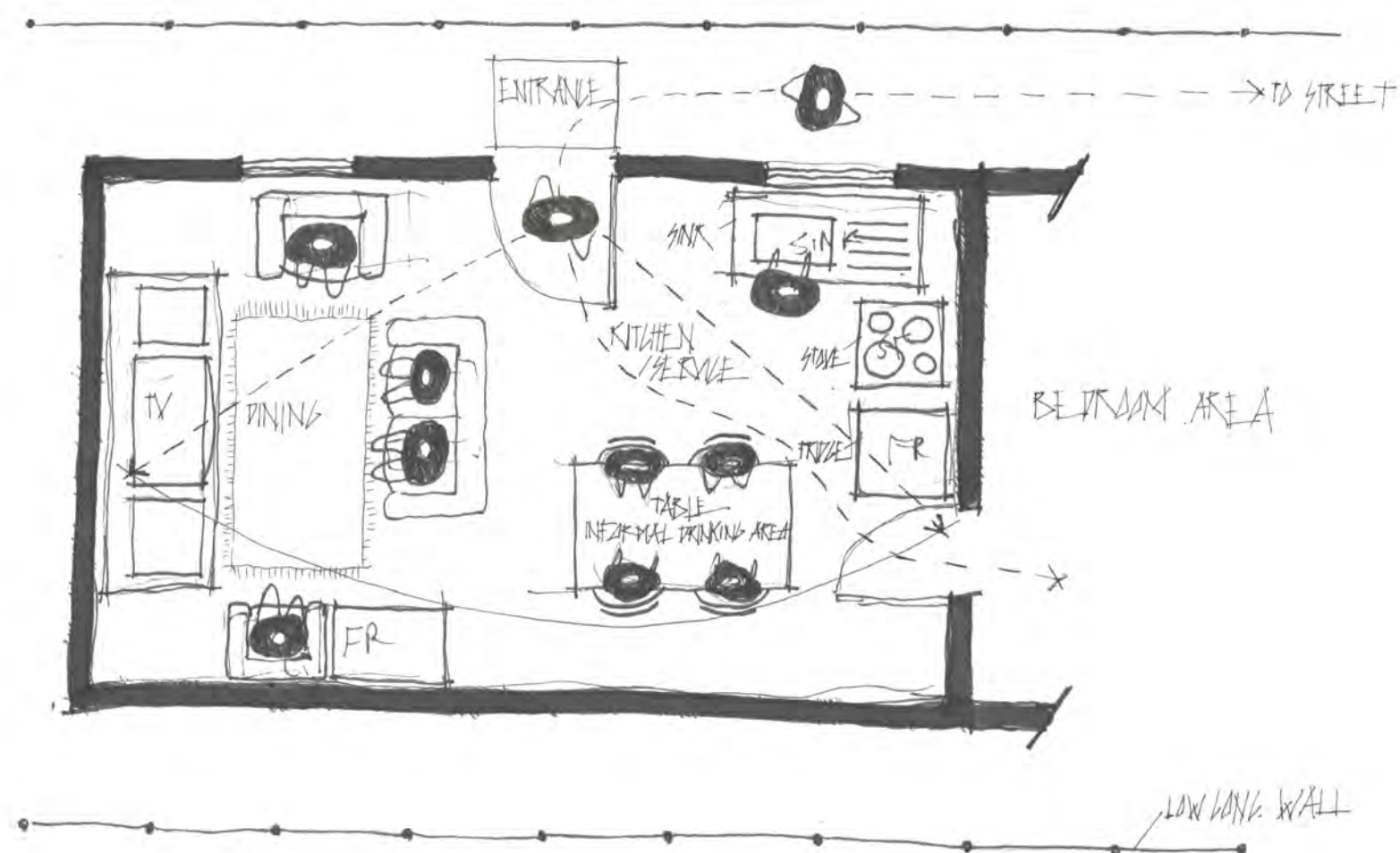




## **Appendix 2: Sketches**



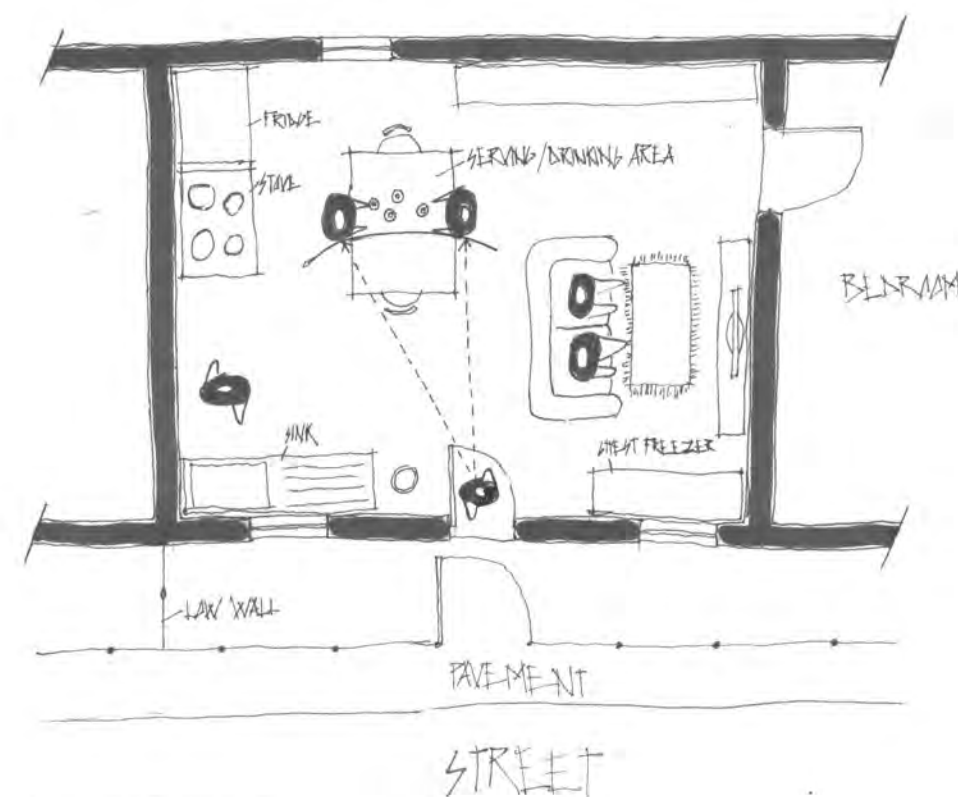
**Figure 1:** Shebeen  
Enterprise owner: Respondent 1  
Sketch by author



**Figure 2:** Shebeen  
Enterprise owner: Respondent 2  
Sketch by author



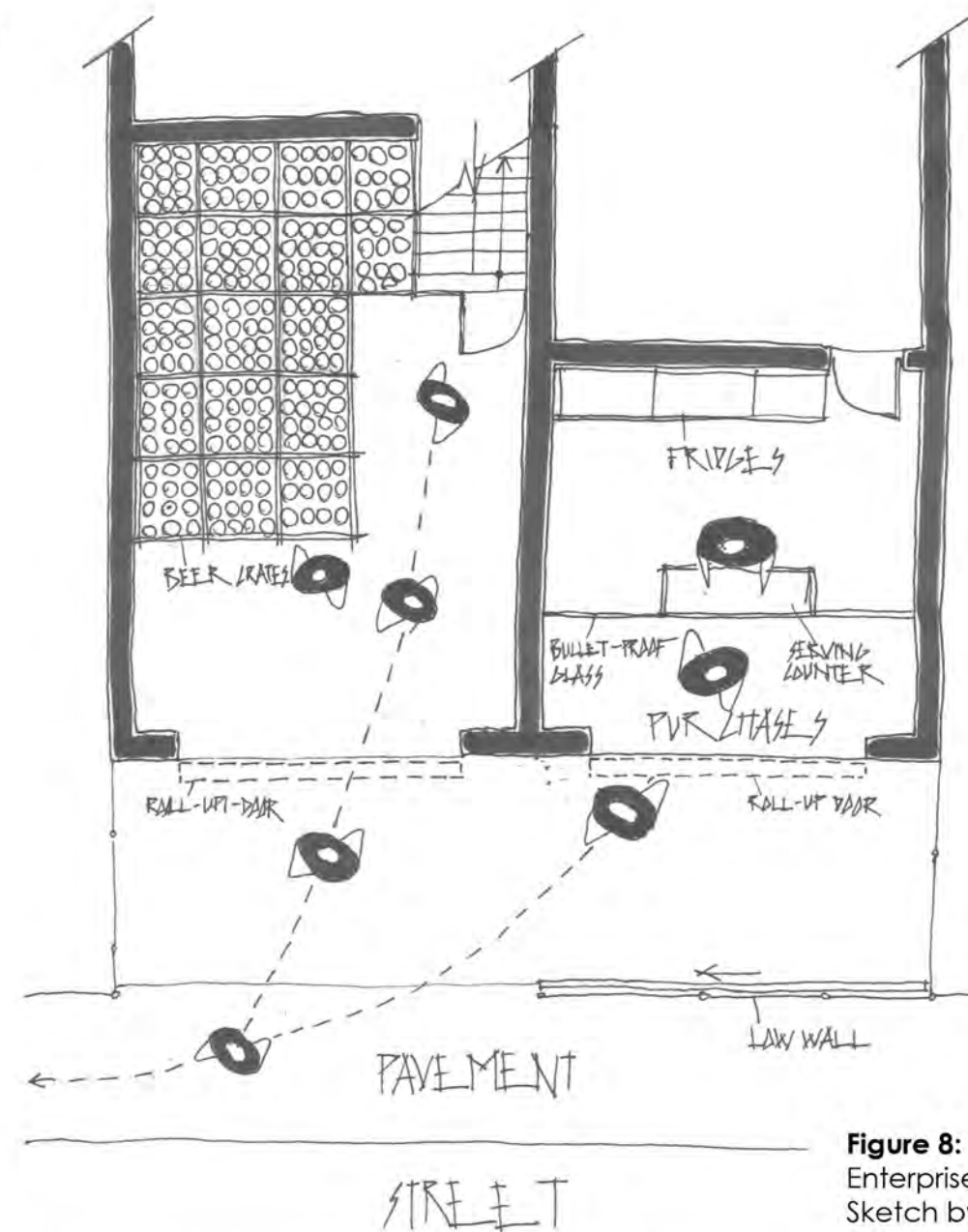
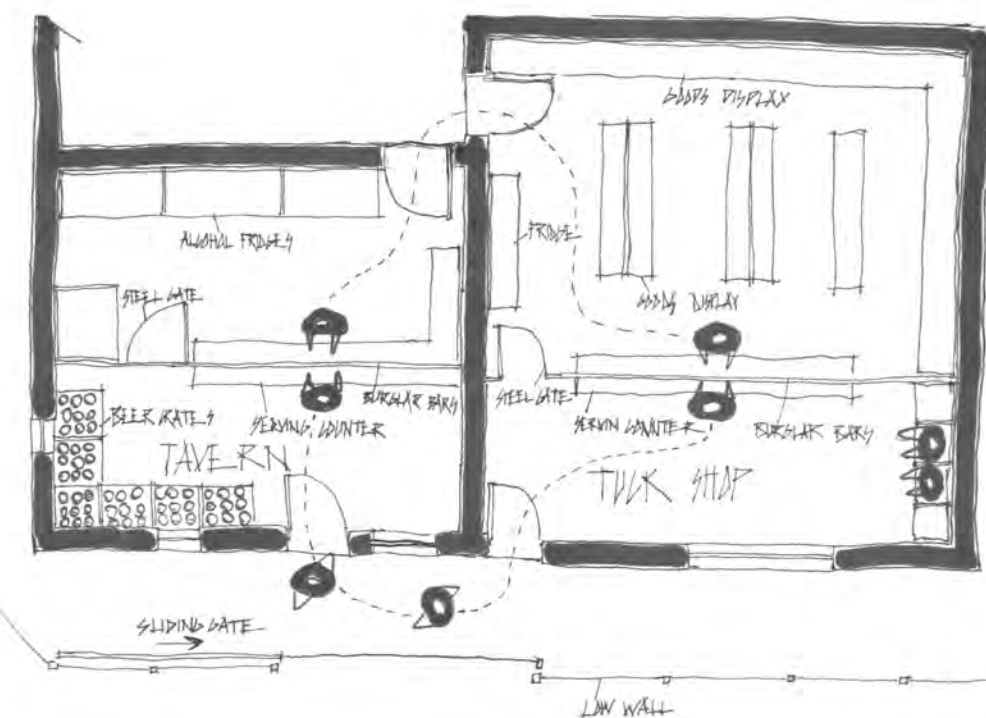
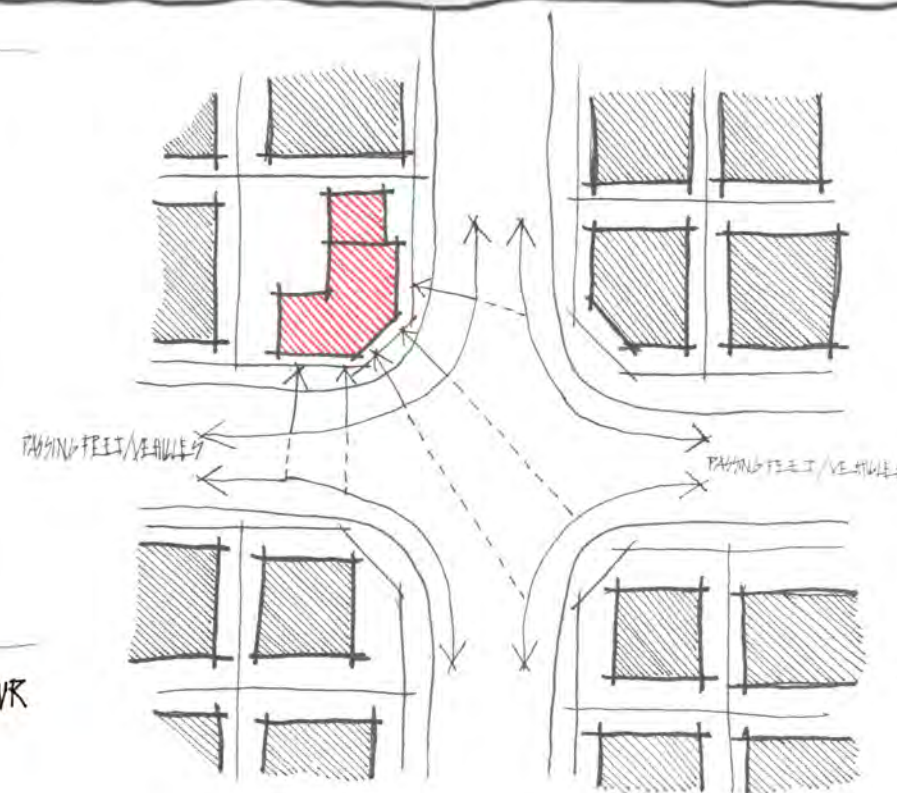
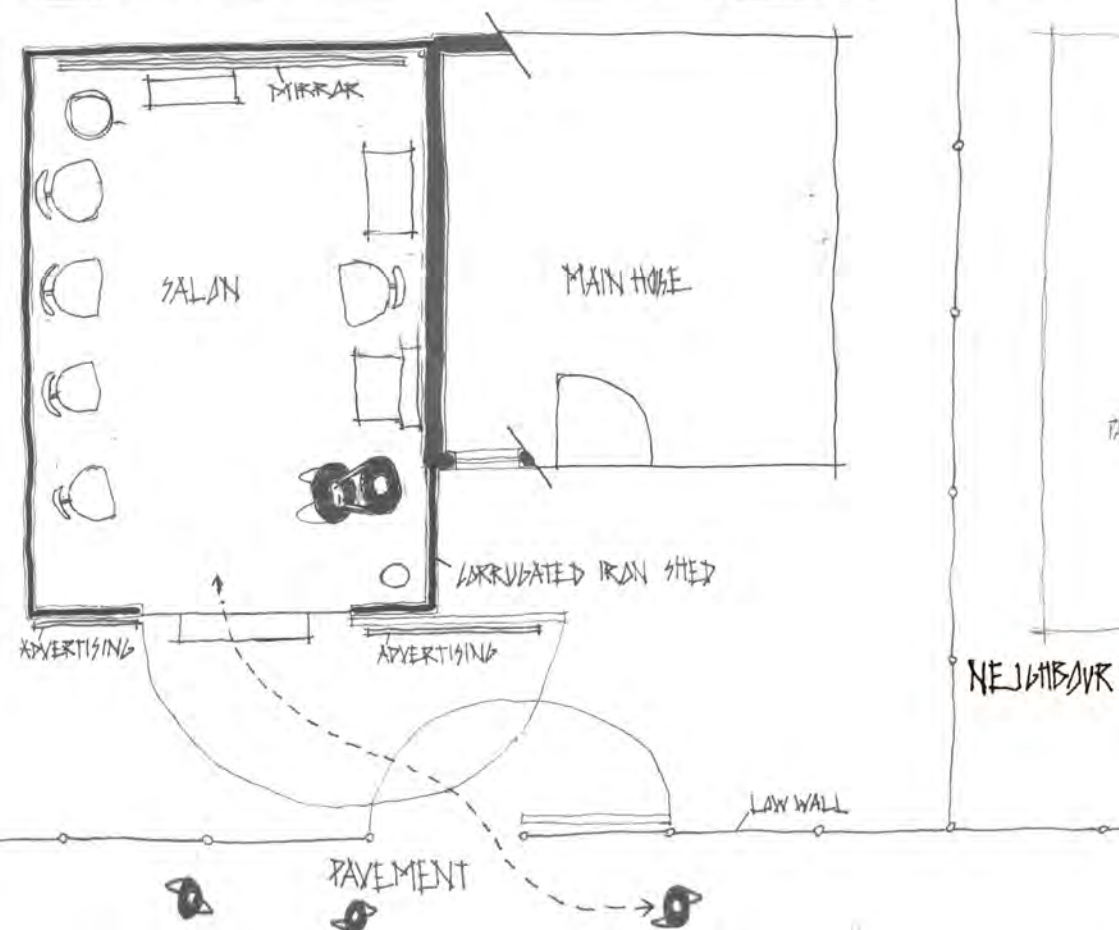
**Figure 3:** Shebeen  
Enterprise owner: Respondent 2  
Sketch by author



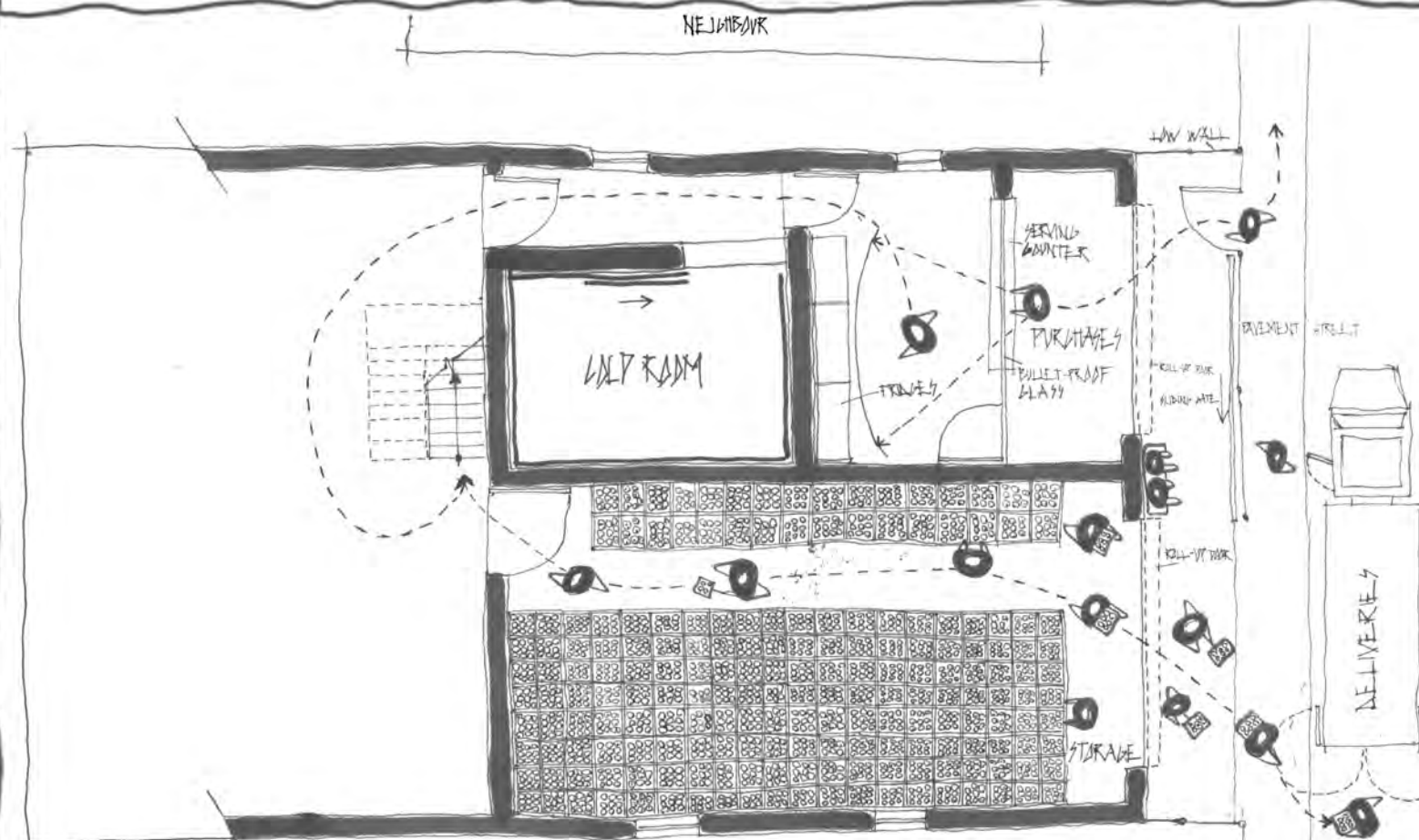
**Figure 4:** Shebeen  
Enterprise owner: Respondent 4  
Sketch by author

## Enterprise sketches

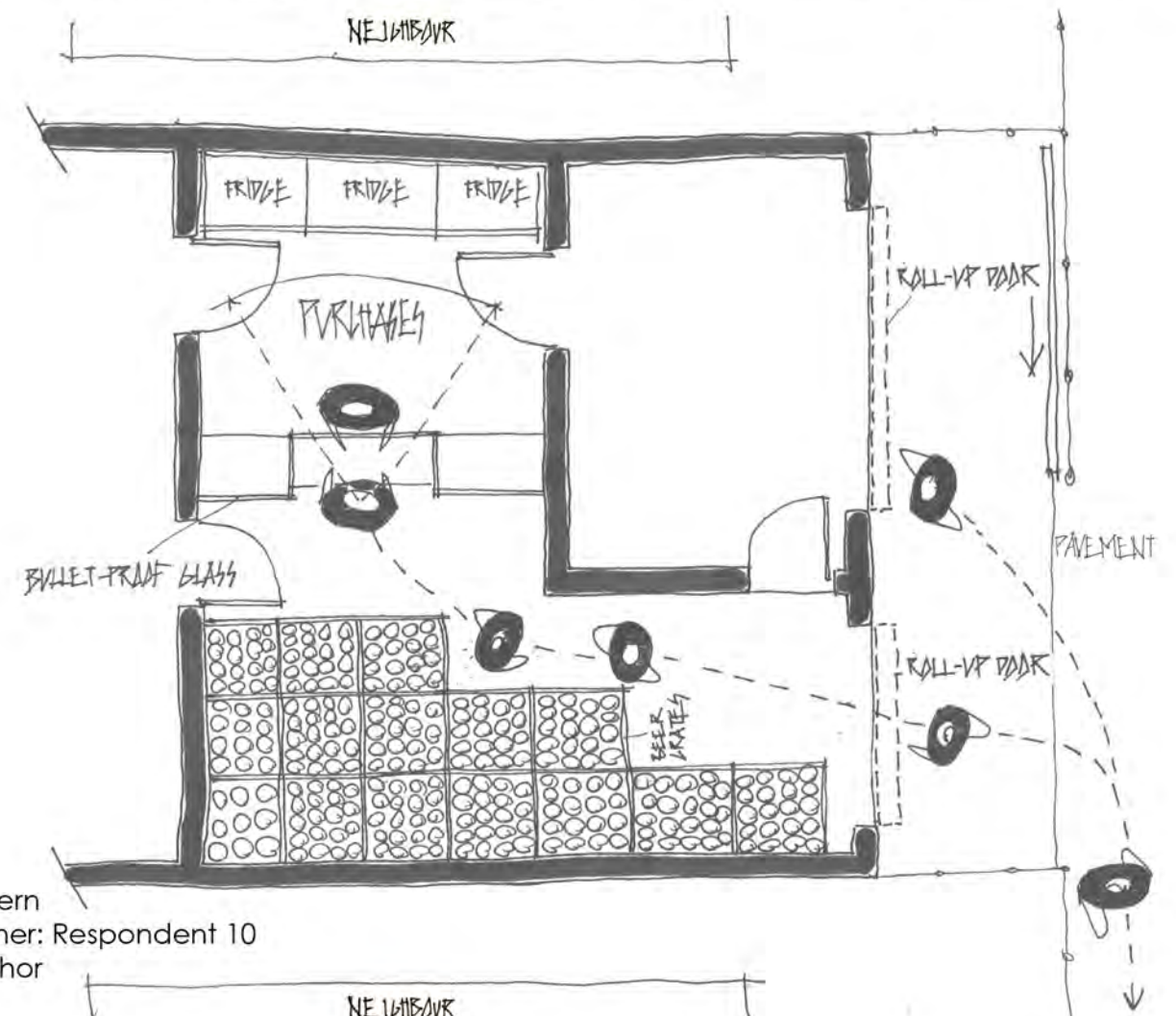




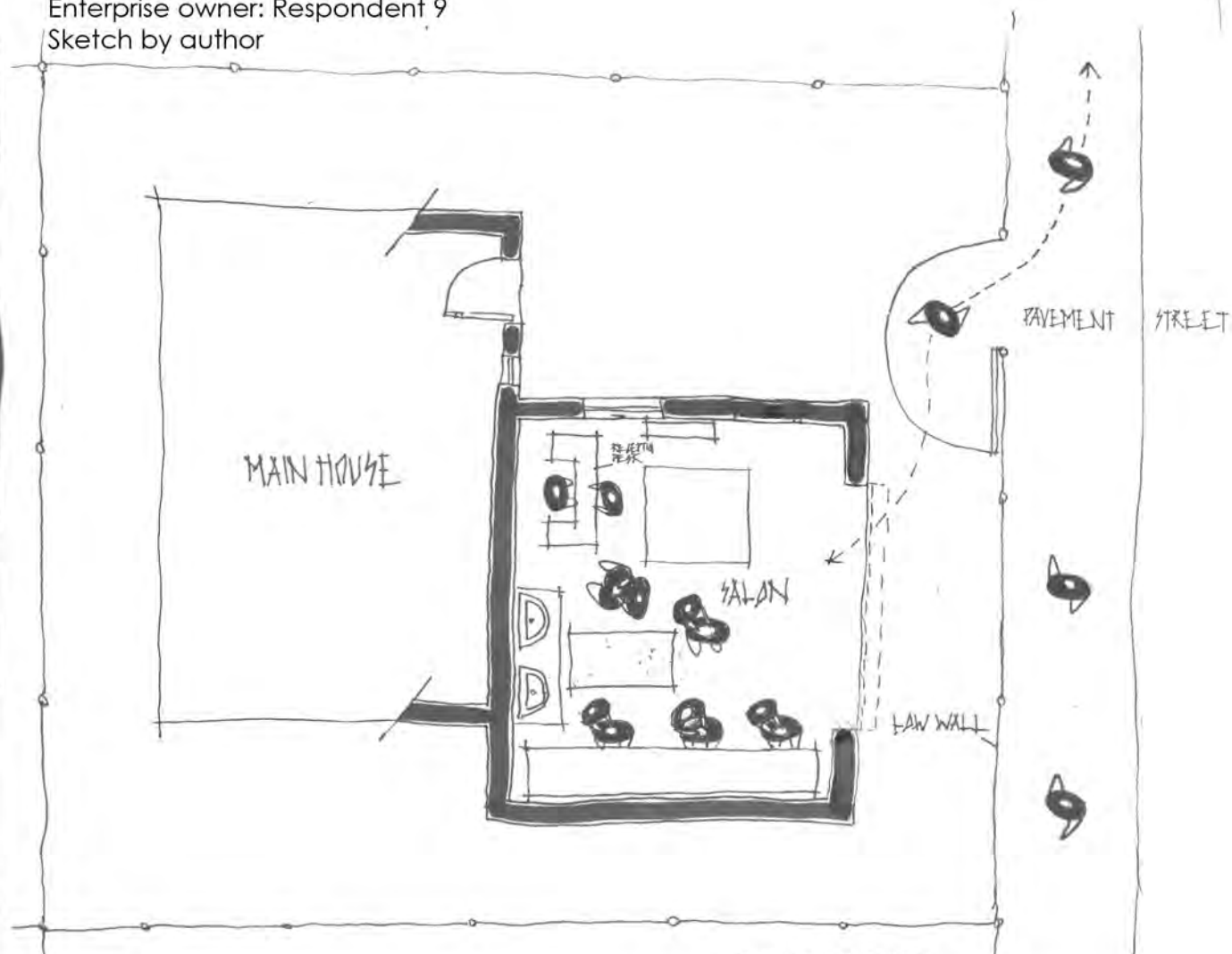




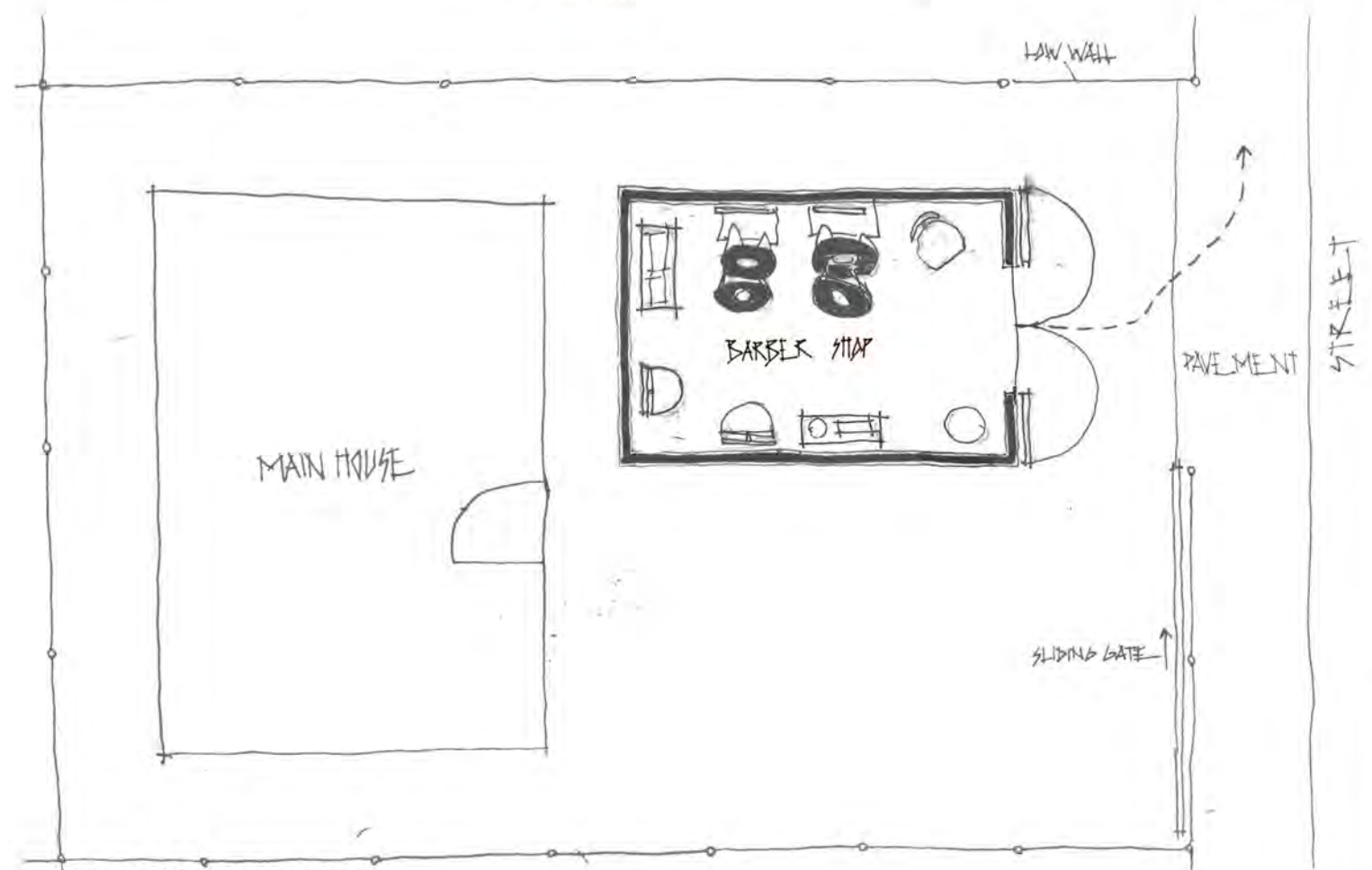
**Figure 9:** Tavern  
Enterprise owner: Respondent 9  
Sketch by author



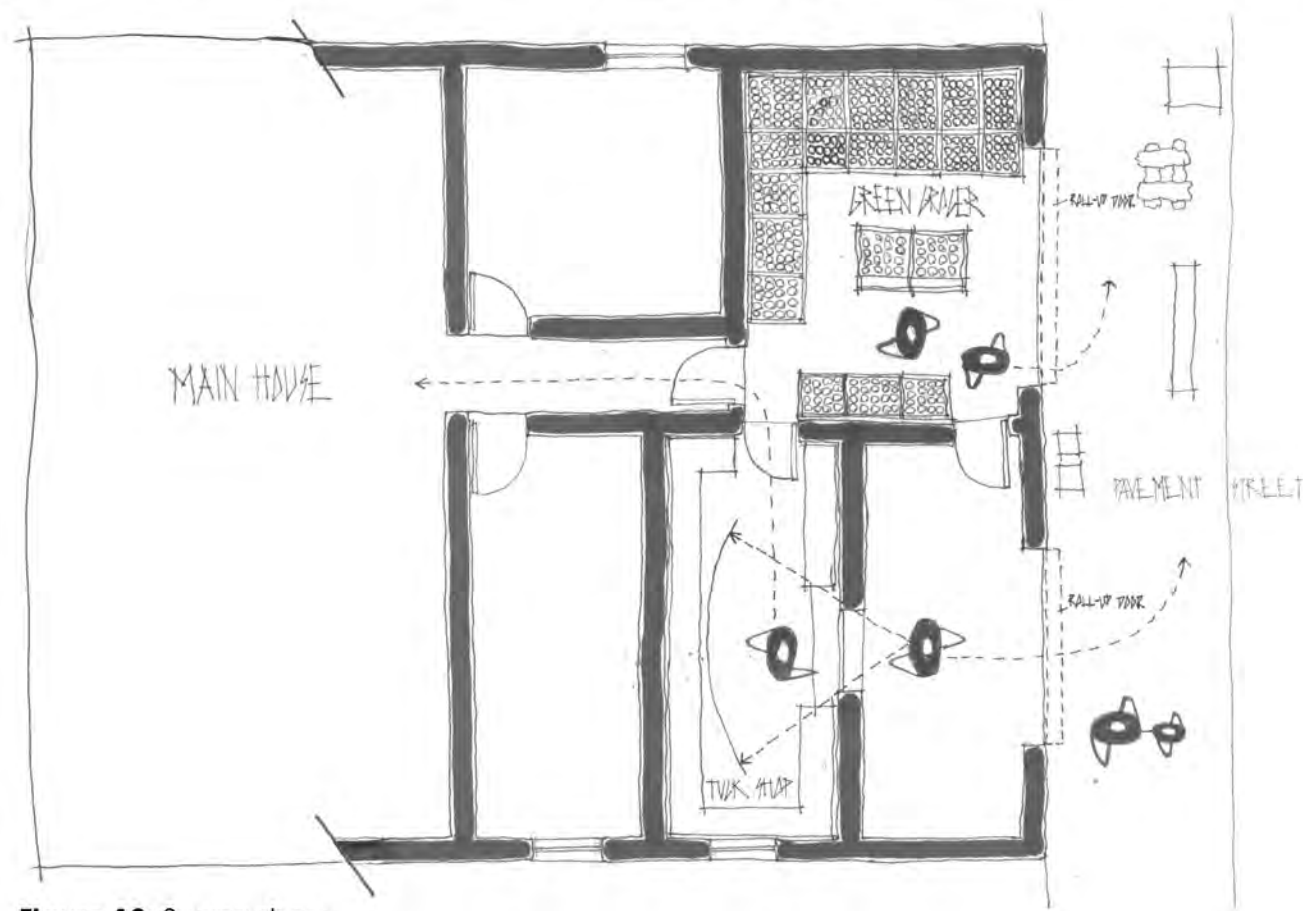
**Figure 10:** Tavern  
Enterprise owner: Respondent 10  
Sketch by author



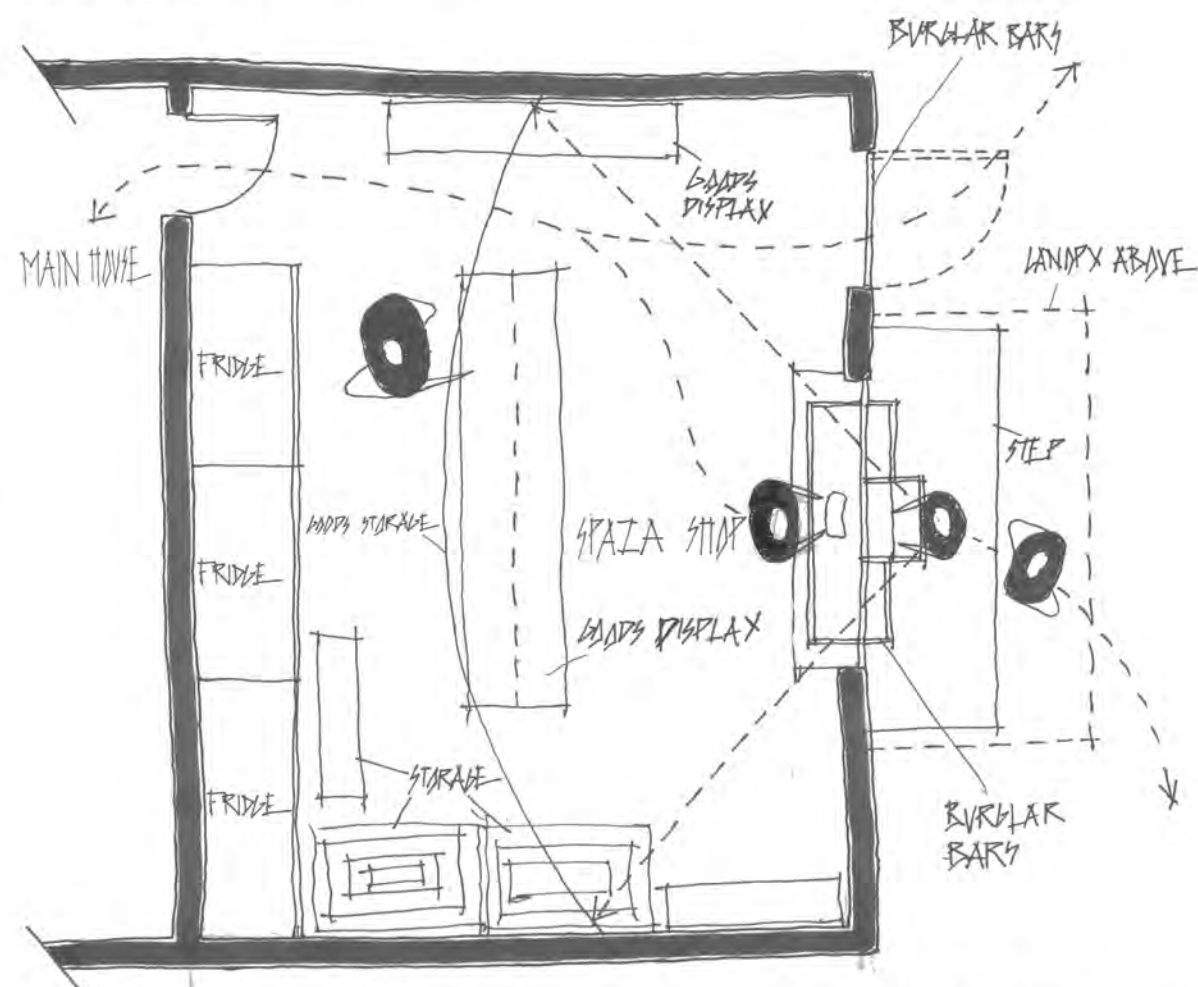
**Figure 11:** Salon  
Enterprise owner: Respondent 11  
Sketch by author



**Figure 12:** Barber shop  
Enterprise owner: Respondent 12  
Sketch by author

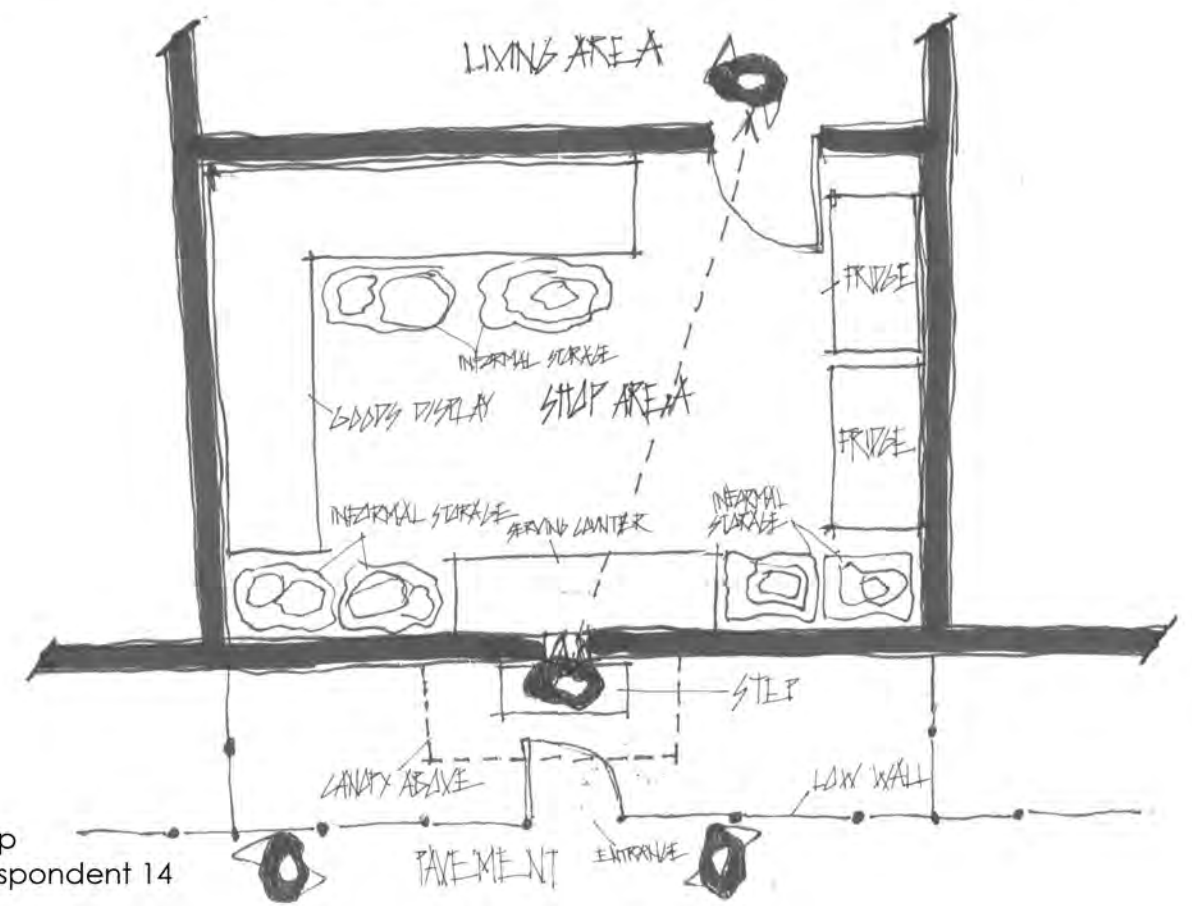


**Figure 13:** Spaza shop  
Enterprise owner: Respondent 13  
Sketch by author

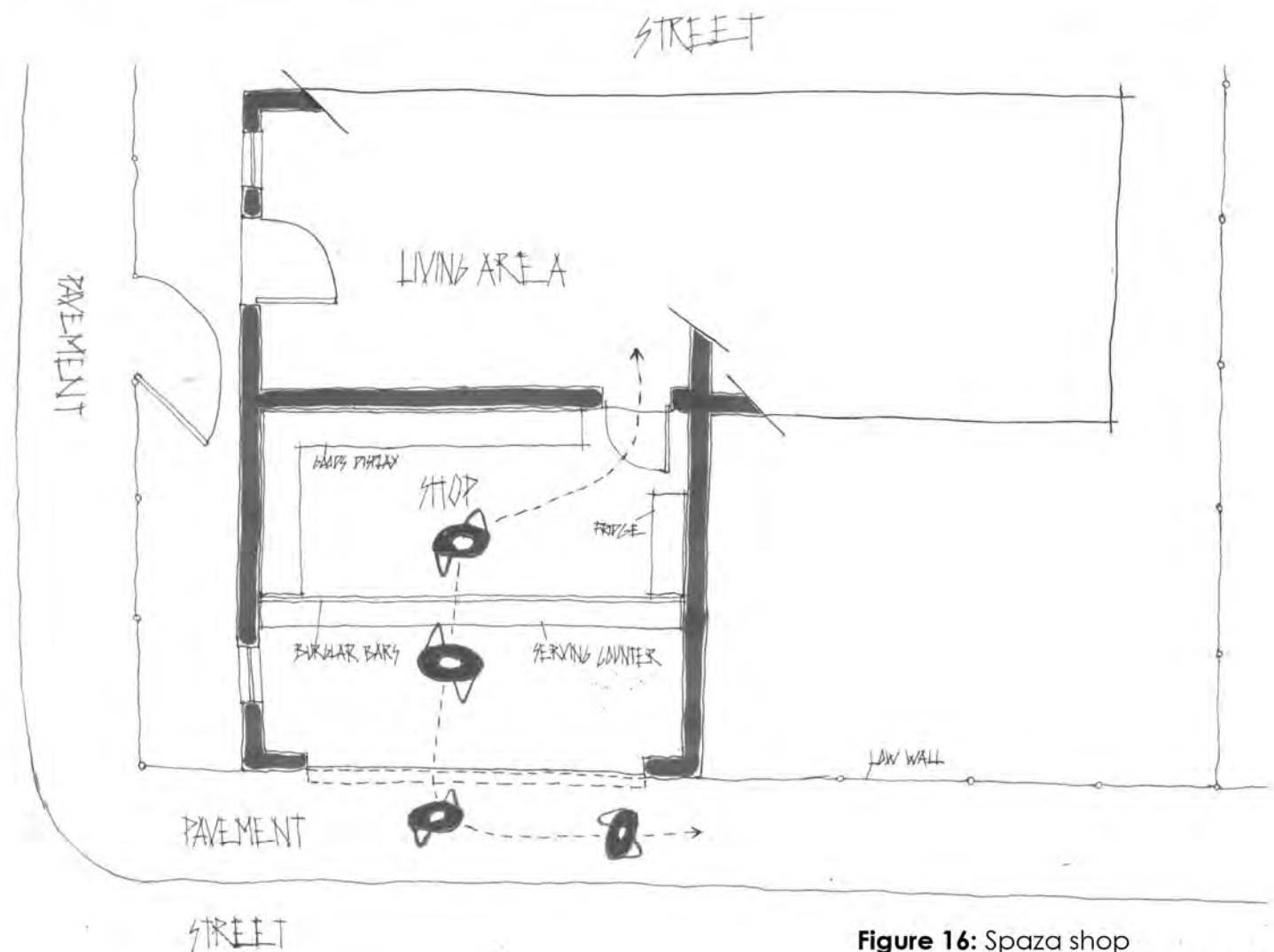


**Figure 15:** Spaza shop  
Enterprise owner: Respondent 15  
Sketch by author

## Enterprise sketches

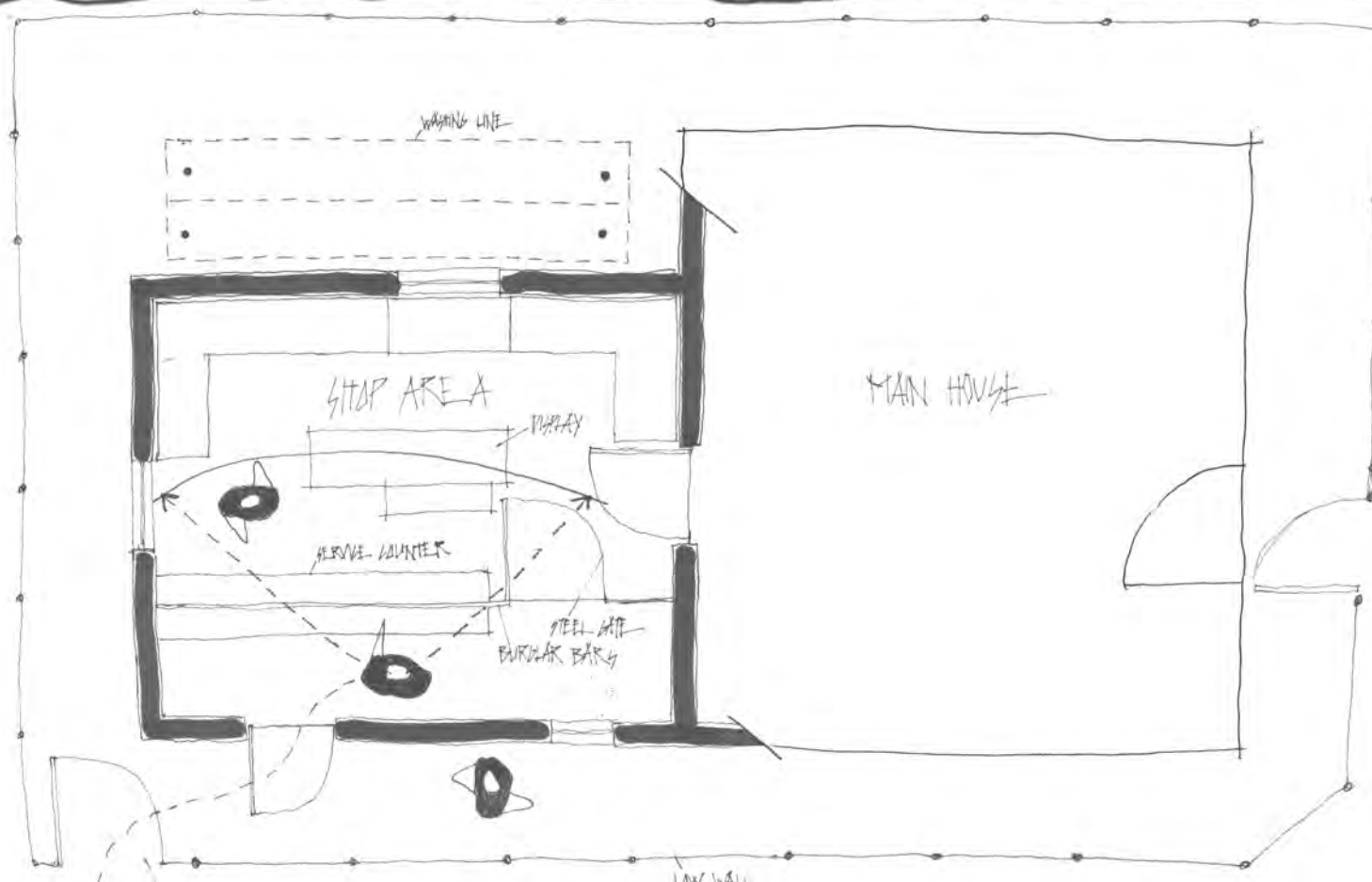


**Figure 14:** Spaza shop  
Enterprise owner: Respondent 14  
Sketch by author

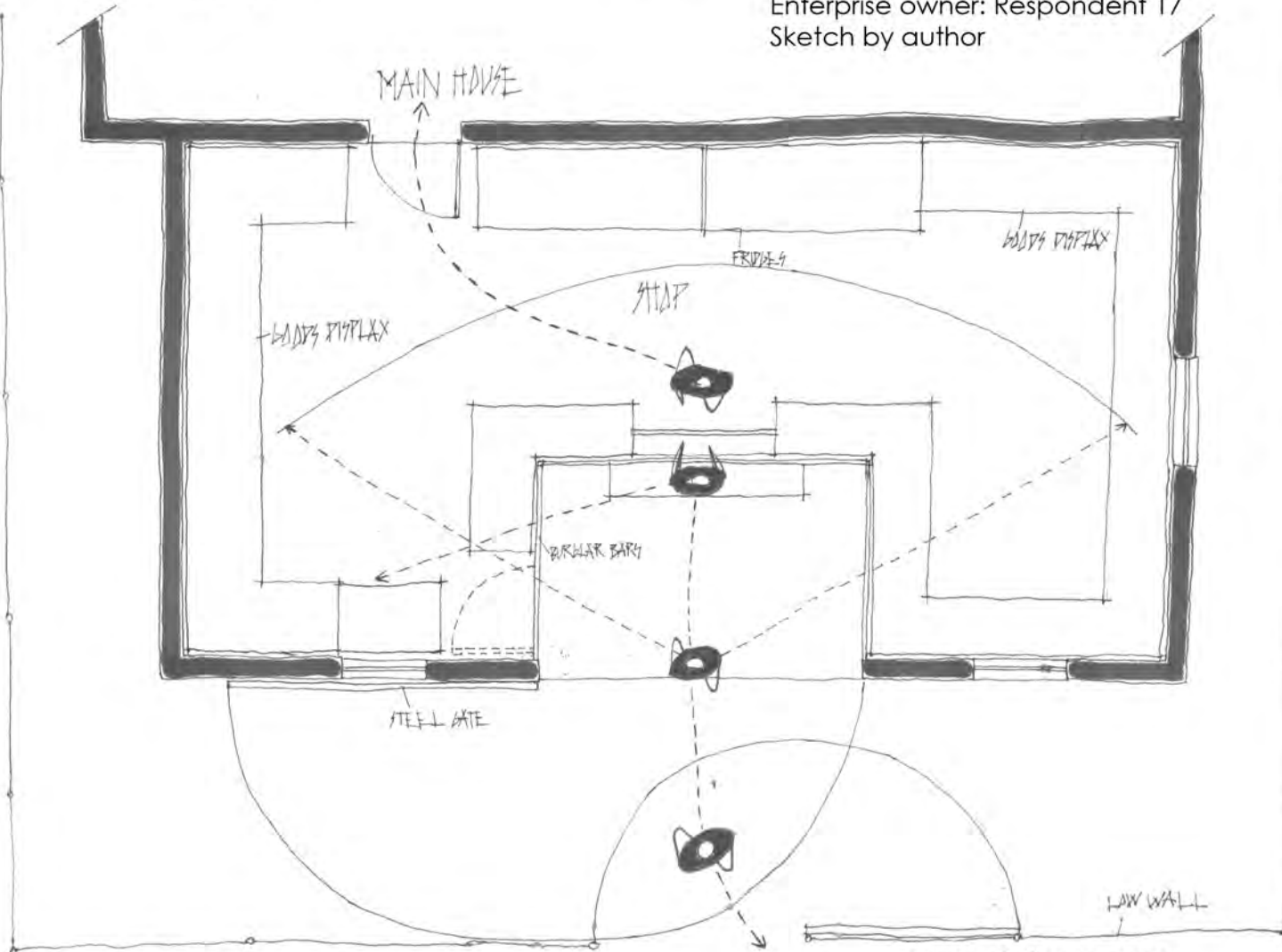


**Figure 16:** Spaza shop  
Enterprise owner: Respondent 16  
Sketch by author

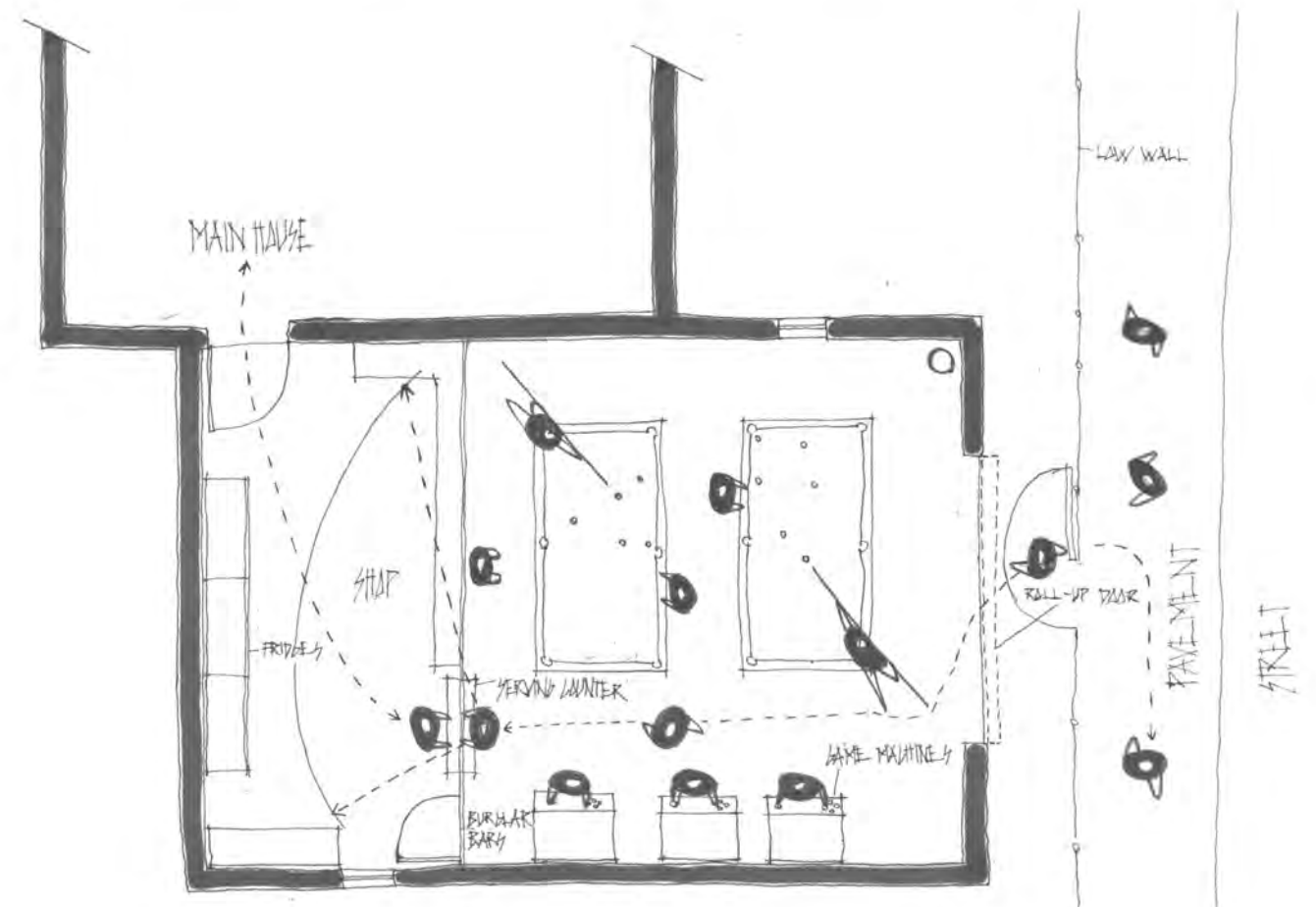




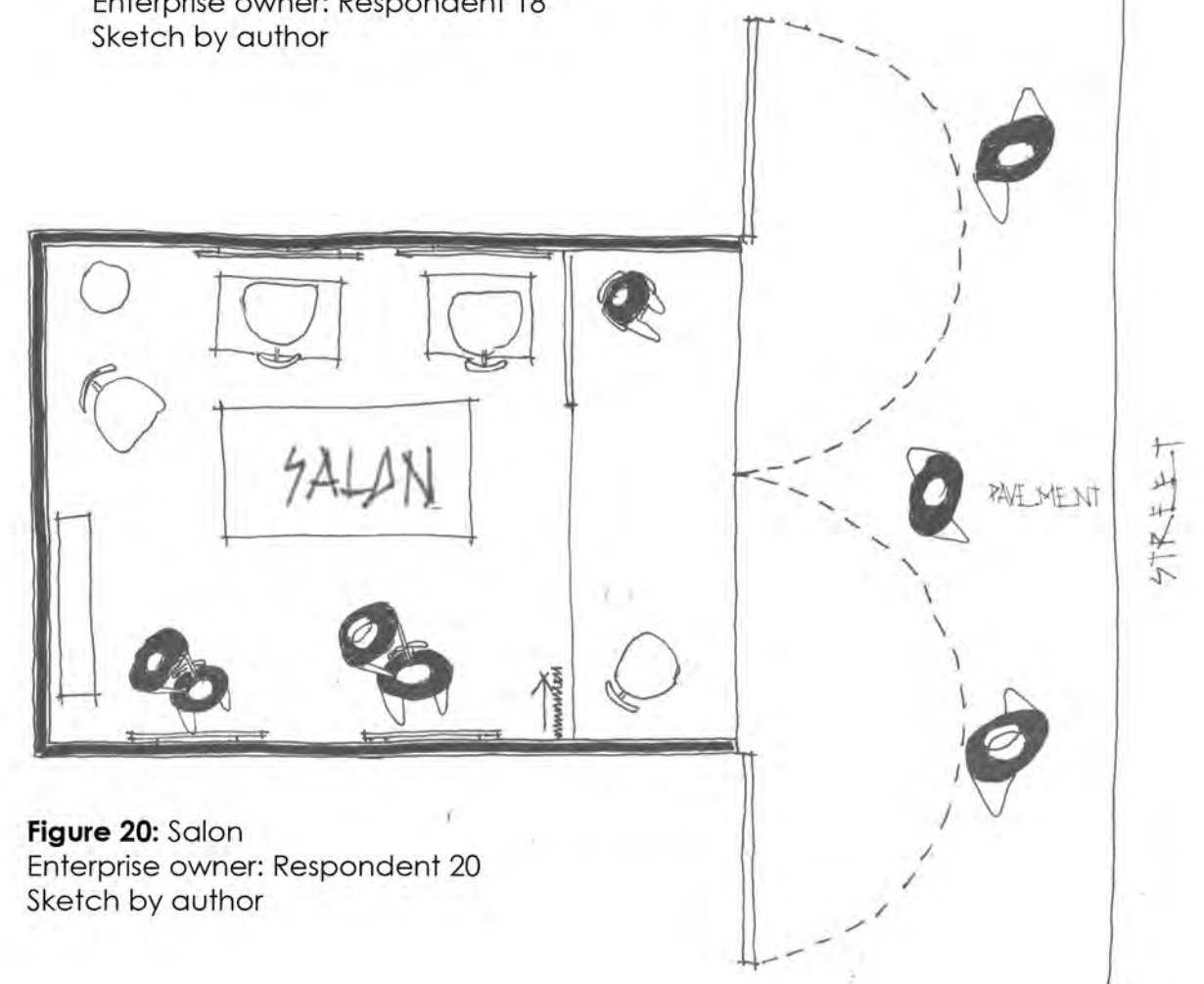
**Figure 17:** Spaza shop  
Enterprise owner: Respondent 17  
Sketch by author



**Figure 19:** Spaza shop  
Enterprise owner: Respondent 19  
Sketch by author



**Figure 18:** Spaza shop  
Enterprise owner: Respondent 18  
Sketch by author



**Figure 20:** Salon  
Enterprise owner: Respondent 20  
Sketch by author

## **Appendix 3: Questionnaire**

## **Draft questionnaire for informal business owners**

**Researcher: Sibonelesihle Shabalala** (sibo.shabalala@gmail.com), **MCRP student (2014)**

**Insert your intro here**

Date, time, and place of the interview:

Name of respondent (unless the respondent wishes to remain anonymous):

### **SCREENING QUESTION: ARE YOU THE OWNER OF THIS BUSINESS?**

#### **1. Observables:**

- 1.1. Race:
- 1.2. Gender:
- 1.3. Nature of business (products sold / services rendered):
- 1.4. Other observable (to be noted after the interview)
  - Type of dwelling (formal – new / old, informal)
  - Infrastructure used for business purposes
  - Proportion of floor space allocated to business activities
  - Utilization of space (perhaps sketch how the plot has been used)

#### **2. Basic demographics**

- 2.1. How old are you?
- 2.2. What is your country of birth?
- 2.3. If not SA, when did you arrive in South Africa?
- 2.4. Where do you currently live (if anywhere other than your current business premises)?
- 2.5. What is the highest level of education that you have completed?
- 2.6. How many children do you have?
- 2.7. How many people are dependent on your income?
- 2.8. How many other income earners are there in your household?

### **3. Work and Business history**

- 3.1. When was this business established?
- 3.2. How long have you been working in type of business?
- 3.3. What work were you doing before this?

### **4. Current business activities**

- 4.1. How many people, including yourself, are working in this business?
- 4.2. What are the advantages of your current location?
- 4.3. What are the disadvantages of your current location?
- 4.4. Have you conducted business in any location other than the present one?
  - If yes, where?
- 4.5. What was your reason for relocating?

### **5. Constraints to growth**

- 5.1. What do you feel are your three biggest business-related constraints to a secure livelihood?

### **6. State of and access to infrastructure:**

- 6.1. Do you need water for your business activities?
  - If yes, please state the cost of this service
- 6.2. Do you have access to toilet facilities?
- 6.3. Where do you currently store your goods?
- 6.4. What are the advantages and disadvantages of this current storage situation?
- 6.5. Do you receive refuse removal services?
- 6.6. Are you satisfied with the service you are receiving?
- 6.7. Do you need electricity to run your business?
- 6.8. Are you satisfied with the service you are receiving?
  - If yes or no, please give details

## **7. Access to financial services**

- 7.1. Do you have a bank account?
- 7.2. Have you ever received a business loan?
  - If so from which institution?
- 7.3. What have been the effects of such support on your business?

## **8. Business training**

- 8.1. How did you learn to do this work?
- 8.2. Have you ever received business skills training?
  - If yes from whom?
  - What have been the effects of such support on your business?
  - How do you reach skill training centres (public transport / private transport)?
  - If using public transport, please state the cost of your journey?

## **9. Crime**

- 9.1. Has this business been a victim of crime over the last 6 months?
  - If yes – what impact did this have on your business?

## **10. Backward & forward linkages**

- 10.1. Who are your main customers?
- 10.2. Who are your main suppliers (where do you buy your stock)?
- 10.3. Do your suppliers help you in any way?
  - If so, how?
- 10.4. How do you get to suppliers to buy your stock (public transport / private transport)?
- 10.5. If using public transport, please state the cost of your journey?

## **11. Relationship with the State**

- 11.1. Which government officials do you have contact with? (get a list)
- 11.2. What are your experiences with (repeat the list)

## **12. Regulations**

- 12.1. Has your business been affected by any state regulations?
  - Please state which and explain what happened.

## **13A. Spazas**

- 13.1. Are you aware of the current zoning regulations in relation to your business?
- 13.2. Have you either considered rezoning or been told you need to?
- 13.3. Do you know of anyone who has applied for rezoning?
- 13.4. If rezoning has been done what was your experience of the process?
- 13.5. Do you ever buy together with other spaza shop owners?
- 13.6. If so, what have been the advantages of this?
- 13.7. What have been the disadvantages?
- 13.8. Do you ever share transport with other spaza shop owners?

## **13B. Shebeens**

- 13.1. Are you aware of the liquor licence regulations in relation to your business?
- 13.2. Have you either considered applying for a liquor license or been told you need to?
- 13.3. If a liquor license has been applied for, and has been granted, what was your experience of the process?
- 13.4. **[for those with licenses]** How has owning a liquor licence affected your business?

## **13C. Haircare**

- 13.1. Are you aware of the current zoning regulations in relation to your business?
- 13.2. Have you either considered rezoning or been told you need to?
- 13.3. Do you know of anyone who has applied for rezoning?
- 13.4. If rezoning has been done what was your experience of the process?



#### **14. Economics**

- 14.1. How has your business generally performed within the last twelve months?
- 14.2. What is your turnover on a good week?
- 14.3. What is your turnover on a bad week?
- 14.4. What is your profit from this business (the money that you take home after paying all your business expenses) on an average week?

#### **15. Affiliation with organizations**

- 15.1. Are you currently a member of any organization that assists with your business activities?
- 15.2. If yes, please provide the name of the organization
- 15.3. Have you experienced any business advantages /disadvantages after joining this organization?
  - Please explain.

#### **16. Primary questions**

- 16.1. Has there been a time during which your business has performed particularly well?
  - Please state when and provide a sense of what was happening.
- 16.2. Has there been a time during which your business has performed poorly?  
Please state when and provide a sense of what was happening.
- 16.3. What do you feel are the three most important contributions that the state can make towards promoting the profitability or growth of your business?

## **Appendix 4: Ethics consent**

## EBE Faculty: Assessment of Ethics in Research Projects (Rev2)

Any person planning to undertake research in the Faculty of Engineering and the Built Environment at the University of Cape Town is required to complete this form before collecting or analysing data. When completed it should be submitted to the supervisor (where applicable) and from there to the Head of Department. If any of the questions below have been answered YES, and the applicant is NOT a fourth year student, the Head should forward this form for approval by the Faculty EIR committee: submit to Ms Zulpha Geyer ([Zulpha.Geyer@uct.ac.za](mailto:Zulpha.Geyer@uct.ac.za); Chem Eng Building, Ph 021 650 4791). **NB: A copy of this signed form must be included with the thesis/dissertation/report when it is submitted for examination**

*This form must only be completed once the most recent revision EBE EiR Handbook has been read.*

**Name of Principal Researcher/Student:** Sibonelesihle Shabalala

**Department:** Architecture,  
Planning & Geomatics

**Preferred email address of the applicant:** sibo.shabalala@gmail.com

**If a Student: Degree:** Master of City & Regional Planning

**Supervisor:** C.J. Skinner

/ Prof Watson

If a Research Contract indicate source of funding/sponsorship:

**Research Project Title:** Constraints to Secure Livelihoods in the Informal Economy: the Case of Informal Enterprises in Delft South, Cape Town

### Overview of ethics issues in your research project:

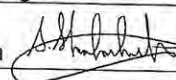
<b>Question 1: Is there a possibility that your research could cause harm to a third party (i.e. a person not involved in your project)?</b>	YES	NO
<b>Question 2: Is your research making use of human subjects as sources of data?</b> If your answer is YES, please complete Addendum 2.	YES	NO
<b>Question 3: Does your research involve the participation of or provision of services to communities?</b> If your answer is YES, please complete Addendum 3.	YES	NO
<b>Question 4: If your research is sponsored, is there any potential for conflicts of interest?</b> If your answer is YES, please complete Addendum 4.	YES	NO

If you have answered YES to any of the above questions, please append a copy of your research proposal, as well as any interview schedules or questionnaires (Addendum 1) and please complete further addenda as appropriate. Ensure that you refer to the EiR Handbook to assist you in completing the documentation requirements for this form.


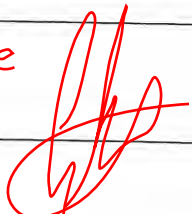
### I hereby undertake to carry out my research in such a way that

- there is no apparent legal objection to the nature or the method of research; and
- the research will not compromise staff or students or the other responsibilities of the University;
- the stated objective will be achieved, and the findings will have a high degree of validity;
- limitations and alternative interpretations will be considered;
- the findings could be subject to peer review and publicly available; and
- I will comply with the conventions of copyright and avoid any practice that would constitute plagiarism.

### Signed by:

	Full name and signature	Date
Principal Researcher/Student:	Sibonelesihle Shabalala 	20 / 06 / 2014

### This application is approved by:

Supervisor (if applicable):		
HOD (or delegated nominee): <i>Final authority for all assessments with NO to all questions and for all undergraduate research.</i>		
Chair : Faculty EIR Committee For applicants other than undergraduate students who have answered YES to any of the above questions.	G. Sithole 	13/08/2014

### **1. Name**

Sibonelesihle Shabalala

### **2. Working title of dissertation**

Constraints to Secure Livelihoods in the Informal Sector: the Case of Informal Enterprises in Delft South, Cape Town

### **3. Precise nature of the subject matter**

The growth of the informal economy in the developing world is widely recognized (Chen, 2012; Heintz and Posel, 2008; Herrera et al., 2011; SALGA, 2012). Among the many reasons for its perpetual growth is the decline of formal employment as well as the informalisation of previously formal employment relationships (SALGA, 2012). In addition to survival activities, the informal economy also comprises stable enterprises and dynamic growing businesses. Informal employment includes both self as well as wage employment. The informal economy's non-standard wage workers, entrepreneurs and self-employed persons render legal services and produce legal goods. However, the sale of these goods is conducted through unregulated or irregular means, and thus operates outside the legal and institutional regulatory framework (StatsSA, 2010). As such, income generated from the informal economy remains largely unreported (Gërkhani, 2004; Sindzingre, 2006).

For Charman et al. (2012a), it is incorrect to equate the informal economy with marginalization. Nevertheless, Meagher (2005) highlights the prevalence of the poor and marginalized as a salient feature of the informal economy of developing countries such as South Africa, and notes the apparent lack of genuine entrepreneurs. This condition is thus symptomatic of the informal economy as constituting a viable entry point for persons otherwise excluded from the formal labour market due to a lack of education and skills to pursue business opportunities or gain employment (Charman et al., 2012b; Neves and Du Toit, 2012; Valodia et al., 2007; Wills, 2009).

Through internal economic migration and rapid urbanisation (especially since the advent of democracy), townships and informal settlements have become ubiquitous components of South African towns and



cities. They are typified by chronic underdevelopment, high unemployment and deep poverty, although living conditions vary (StatsSA, 2001a). The considerable demand for goods and services within these localities, especially where formal businesses are largely absent, has provided an opportunity for the emergence of a township economy, comprised of informal micro-enterprises (Charman et al., 2012a; Oldfield, 2012). Moreover, South Africa continues to experience an increase in these ventures; both in scope and scale (Charman et al., 2012b).

Initially defined in the Small Business Act (1996 and 2004), informal micro-enterprises are modeled on formal businesses, yet retain their informal character. In addition, they are typically small-scale, unregistered and usually family-based; and are made up of less than five full-time employees. Their turnover is usually below R0.2million and they possess total gross assets valued at less than R0.1 million (Charman et al., 2012a). Nevertheless, the diversity of economic activities and forms of employment incorporated by these ventures remains largely unhindered (Valodia et al., 2007).

- **Problem or issue to be investigated**

Chen (2012) provides a global and comprehensive account of key qualities that have and continue to shape the working conditions of the informal economy's workforce. Evidently, most cities around the world attest to informal economies frequently undermined or destroyed due to urban planning that disregards urban informal livelihoods in city plans, coupled with municipal procurement policies that exclude urban informal operators from bidding for contracts for goods and services (Chen, 2012). To make matters worse, most of the urban informal workforce pays taxes, fees, or bribes of assorted kinds to various local authorities merely to be able to pursue their livelihoods. What these workers receive in return is meager and often negative, what with most home-based producers unable to receive the basic infrastructure necessary to make their home-cum-workplace more productive. Instead, Chen argues they pay residential (as against commercial) rates for utilities, and are subject to zoning regulations that restrict commercial activities in residential areas. Also of concern is the treatment of street vendors as criminals subject to evictions, confiscations and harassments (Chen, 2012; David et al., 2012).

In chronicling the attitudes of African local governments towards the informal economy, David et al. (2012) alert us to the prevailing tendencies of dealing with its workforce largely on the basis of by-law formulation. This approach is based on an inherently restrictive view of the 'problem' of the informal

economy (David et al., 2010). Watson (2011) agrees, and considers this to be symptomatic of the prevalent fashions in thinking amongst African politicians; namely, the view of informal economic activities as an anathema and an indication of backwardness running counter to notions of 'development' and 'modernity'. As such, efforts to decant the informal economy from the envisioned 'ideal modern city' abound (Watson, 2009a).

For David et al. (2012), the clearest reflection of this in South Africa is the near absence of the informal economy on the national policy agenda. The ideals and underlying values of (the mainly state-directed) post-apartheid planning would be almost universally accepted as positive and progressive, albeit somewhat 'modernist', as illustrated by the lack of support for the informal economic activities of the poor and marginalized (Bannister et al., 2012; Watson, 2009a; 2011). Consequently, this has serious repercussions on the local municipal level. Although municipalities are charged with attending to the realities of the informal economy, there is no real appetite towards dealing with it as part of the economy both nationally and locally (David et al., 2012). Instead, many government attempts at supporting it are largely top-down and generic in their approach, as they often seek to address the wider problems of inequality. As such, they remain inflexible and insufficient (Bannister et al., 2012).

Ultimately, this economy, with its complex, fragile and fine-grained operational requirements, has come to be characterised by insecure forms of work; with its participants largely confined to low value markets and thus unable to generate self-growth and development (Bannister et al., 2012; Harrison et al., 2007). A brief scan of the performance of informal livelihood strategies in many of South Africa's township localities reveals the enduring plight of small business operators who ply their many trades in precarious working climates marked by unreliable incomes and multiple constraints to business growth. In these environments, many working poor operate from their home, either making goods to sell or selling directly from their home-base (Bannister et al., 2012; Harrison et al., 2007). Harrison et al. (2007) highlight the official 'blind eye' usually turned to these survival strategies (often the most fragile); this amid simultaneous efforts to enforce the licensing of informal liquor outlets termed 'shebeens'. Similarly, Watson (2011) reflects on the difficulties of operating small businesses from home, what with an increasingly onerous housing policy paying little heed to the home unit's potential to facilitate income generation. Moreover, the incessant lack of access to infrastructure and basic services necessary to sustain income generating activities in these localities, has been widely acknowledged (Banerji and Jain, 2007; Centre for International Private Enterprise, 2007; Chandra and Rajaratnam, 2001; Heath,

2005). Seemingly, the foregoing complex of conditions foregrounds the context in which the informal economy of many South African townships operates, including that of Delft South, Cape Town. Nevertheless, it would be useful to engage with the small business operators of the area, with a view to locating the position of this locale relative to the aforementioned state of affairs.

Established as a new housing development in the mid-1990s, Delft has since expanded to a settlement of about 12 000 households and a population of roughly 50 000 persons (Seekings et al., 2010). A historically poor Coloured area, today it is a racially diverse community made up of around 60% Coloured and 40% black African (predominantly Xhosa) peoples; whose heterogeneity is reinforced through a diversity of religious and cultural belief systems. Within the population of working age, 61% are either unemployed or under-employed, with most of the 39 per cent who are employed working in semi-skilled jobs within the service and manufacturing sectors (CensusPlus, 2007). Unemployment is noticeably higher in Delft South (38%), compared to the portion of Eindhoven (27%); what with the monthly income per capita for Delft South being R732, whereas that of Eindhoven is R1 008 (Charman et al., 2012b).

Delft South is a prime example of a township where informal micro-enterprises are considered to be a key livelihood strategy for a population experiencing low levels of employment. This has emanated from the struggles experienced by many of its residents in the way of finding (or sustaining) employment in other formal sectors (Charman et al., 2012a). In addition, the scale of the informal economy in Delft South has been found to be much larger than officially thought. Whereas a City of Cape Town strategic planning survey identified 123 businesses in the area, an extensive area study conducted by the Sustainable Livelihoods Foundation recorded 818 registered and unregistered micro-enterprises including their spatial distribution (Charman et al., 2012a). This therefore suggests that the demand for goods and services occurs at a neighbourhood level, as residents prefer access to shops and services that are in walking distance from their homes.

As such, the remarkable scale of the informal economy of Delft South necessitates further study as regards the range of factors which affect its performance. The importance of studies serving to document and acquire in-depth information on the processes of the informal economy has been expressed (Neves and Du Toit, 2012; Skinner, 2006). Furthermore, the imperative of urban planners in responding to the burgeoning informal economy in cities of the global South has been cited

(Dierwechter, 2002, 2004, 2006; Watson, 2011), given the role of spatial planning as a key profession that shapes the work environment of the informally employed (Watson, 2009a, 2009b, 2011). To this end, it is worth understanding the rationale and driving the driving agenda which currently informs spatial planning as regards the area's informal economy, as well as the effectiveness of any state intervention in addressing the needs of small business owners. By drawing from *their* perspectives in documenting their key constraints to secure and sustainable livelihoods, it is hoped that pro-poor approaches to state interventions might be ultimately proposed.

- **Philosophical/ethical position**

Given its significant role in employment generation, as well as its provision of a buffer zone between employment and unemployment in the developing world, the informal economy is of vital importance. Not only is it to be acknowledged and supported for its potential to develop local economies, but it also deserves recognition due to its prominence in the creation of livelihood opportunities, as well as its potential to alleviate poverty as part of individual survival strategies of the poor.

- **Broadly, the types and potential uses of the proposals expected to be put forward**

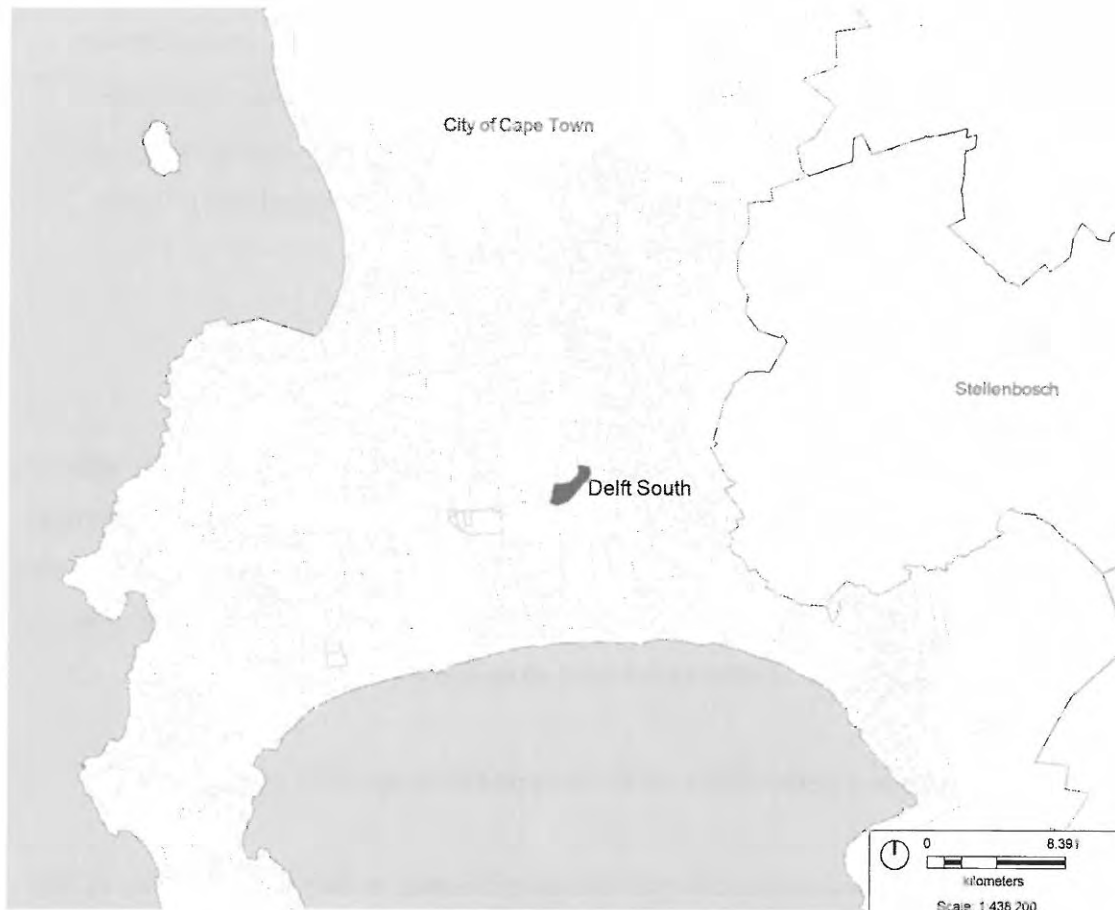
The research will use Delft South as a litmus test for prevailing theories on the township economy. By engaging with the informal business operators of Delft South and documenting the forces which impact on and impede the proliferation of their livelihood strategies, the research aims to point out constraints to be mitigated through state action. Moreover, it is hoped that the research might serve to contribute to the existing body of literature on the informal economy of the area. Importantly, the research serves to establish an improved understanding of the relevance of Delft South to the informal economy, both of Cape Town and South Africa at large.

- **The theoretical field/s likely to be relevant to the project**

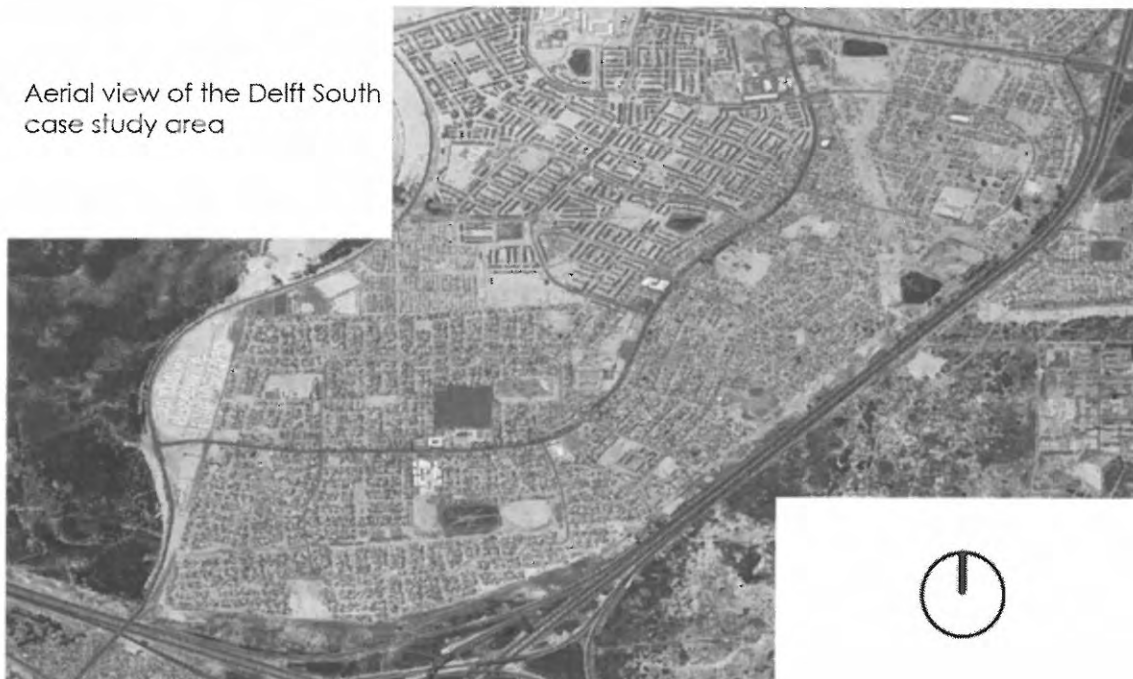
Informal Economy, Township Economy, Urban Planning, Public Policy



#### 4. Map of study



Aerial view of the Delft South case study area



#### **4. The central question to be investigated**

What are the key constraints to securing informal livelihoods in Delft South?

- **Subsidiary research questions**

How would a 'bottom-up', pro-poor and pro-livelihood set of state interventions manifest spatially in Delft South?

What kind of regulatory environment would best serve families seeking livelihoods through informal economic activity in Delft South?

- **The tasks involved**

#### **Desktop research**

This phase of the study will explore the broader literature concerning the experiences of informal economy workforce both globally and locally, before gradually turning the gaze to Delft South. During December 2010 and May 2011, the Sustainable Livelihoods Foundation (SLF) conducted comprehensive studies of micro-enterprises in some of Cape Town's poorer townships, namely; Imizamo Yethu, Delft South, Vrygrond, Sweet Home Farm and Browns Farm. Entitled the Formalising Informal Micro-Enterprises (FIME) project, the object of this initiative was to survey and record the spatial location of all publicly recognizable businesses in the said localities. This was carried out with the aid of geographical positioning system (GPS) devices. Ultimately, the process culminated in the compilation of spatial maps and data reflecting the location and distribution of all businesses by sector, as well as the streets on which the businesses are situated. Following on from the empirical insights provided by the FIME project, my research seeks to focus and expand on the knowledge gained from Delft South.

To this end, I shall draw on secondary data from the FIME project as a guiding tool for sample selection. This will entail making use of spatial maps reflecting the distribution of all micro-enterprises in Delft South, as produced by SLF following the business survey of the FIME project. I shall analyze these spatial maps according to the different sectors of informal economic activities in the area, taking into account

the differences in the spatial configuration of the businesses as well as the location of key destination trades. For the purpose of my research, it will also be useful to refer to various state policy documents with a view to ascertaining the regulatory environments in which the various sectors operate and to draw comparisons between the implications of state regulations on their functioning. These documents will include the City of Cape Town's Informal Trading Policy, Informal Trading By-laws, City of Cape Town Integrated Human Settlements Strategic Plan and the Western Cape Liquor Act No. 4 of 2008. In addition, I shall overlay the spatial maps from the FIME project with those reflecting different land use categories in Delft South, as promulgated by the City of Cape Town's 'Cape Town Zoning Scheme' (CTZS). This exercise will thus serve to provide insight as to the logics of Delft South's space economy, and will illustrate the role of state regulation in shaping it.

### **Field observations**

Christensen et al. (1992) and Watson (2002b) accept the importance of direct, first-hand experience of a situation in imparting a deeper understanding thereof, as against learning about it from a textbook or classroom lectures. Similarly, my research will require that I commence fieldwork by entering into and spending time doing low-key participant observations in Delft South. Duminy et al. (2014) express faith in this approach as a good way to embark on research in urban settings, with more structured observations only to be employed upon the gradual clarification of further research issues. However, important to bear in mind is the importance of securing institutional or political access to key actors and primary sources prior to this undertaking, as suggested by Duminy et al. (2014). To this end, I shall request the consent of local community leaders and gate keepers prior to conducting any research in the area. Upon being granted the right to proceed, conducting fieldwork observations will then entail identifying local informal business operators according to their respective sectors, and enquiring about any constraints to the growth of their businesses. Accordingly, the prior review of relevant literature, the foregoing analysis of spatial maps from the FIME project, as well as the key state policy documents, would all have established a critical point of departure in giving me an idea as to some of the issues of potential concern to the research participants. Nevertheless, getting their perspectives on the matter will be useful in ensuring that my research in turn progresses under their guidance, thus also allowing that any course of action to be suggested in response advances 'from below'.

The process of identifying and recording the nature of the said businesses under study will also afford the opportunity to gain a situated understanding as regards the implications of spatial location on daily business activities, whether spontaneous or otherwise. As such, these observations will serve to guide conclusions drawn to inform my research. Nevertheless, it is worth noting the potential danger of influencing the actions of those under observation during the process (Bernard, 1995). In seeking to mitigate consequent ethical implications and avoid any potential misunderstandings, tasks which involve my taking notes or photographs will therefore be preceded by asking permission to do so and clearly explaining the intent of my actions to those under observation. This will also be helpful in gaining the trust of the research participants (Duminy et al., 2014; Roulston et al., 2003; Winkler, 2013a).

### **Interviews**

For Briggs (1986), the interview is not only an important research technique for generating qualitative data, but is also important for the co-construction of knowledge and for validating what we, as researchers, believe to be true about human beings and the way they relate to one another. Recording participants' voices verbatim also serves as an effective measure for off-site corroboration and triangulation (Roulston et al., 2003). The decision as to the sectors whose informal workers I will interview in Delft South will necessitate a clear academic research logic as regards the reasons for prioritising those sectors over others. Making use of spatial the maps from the FIME project will therefore serve as a useful tool with which to identify pertinent sectors whose operators I might select for participation in my research.

Thereafter, I shall conduct semi structured one-on-one interviews with selected informal business operators in the area, with a view to ascertaining the factors accounting for the precarious nature of their businesses. Given the inherent spatial logic determining the choices as to where informal business operators locate their enterprises, it might be worth my aiming for a diversity of sectors whose operators I might include in my research. Moreover, their location relative to each other will be of no import; as my choices will instead be determined by their proximity to areas of local significance, such as those of both high and low footfall. It is hoped that this exercise might prove useful in seeking to discover potential spatial workings defined by various considerations (both economic and otherwise) in conducting informal businesses in the area, which are not readily taken into account in the manner in which current state interventions are rolled out.

In addition, I shall conduct semi structured one-on-one interviews with city officials from relevant sectors of local government, charged with the regulation and on-going monitoring of informal enterprises in Delft South. This will be important for establishing, not only the interactions of informal enterprise operators with the state, but also the level of visibility of state officials as regards attending to any needs or problems experienced by informal enterprise operators. Importantly, the interviews with city officials might bring to the fore key issues in need of address, as well as potential disjunctures as regards the policy environment in which informal business operators ply their trades. Accordingly, it will also be useful to enquire about any mitigation measures employed by the state.

Throughout these questioning processes, I hope to establish levels of rapport and comfort with the interviewees, the better to facilitate adequate responses to as many questions as possible (Duminy et al., 2014; Winkler, 2013b). Accordingly, I shall seek to ensure the accuracy of questions asked, and shall probe into issues (where appropriate) to elaborate meaning. It is in so doing that I may arrive at a more nuanced understanding of issues which my research serves to address (Roulston et al., 2003). It will also be worth heeding the time allocated to interviews, particularly those conducted *in-situ* with informal business operators, as the process might have to cater for interruptions ranging from customer purchases to product deliveries.

### **Questionnaires**

The strength of questionnaires lies in the emphasis they place on respondents' identifying problems. As such, these data collection tools serve to provide clues as to potential areas for intervention (Skinner, 2006). For the purpose of my research, the content of the questionnaires will be informed by the prior review of literature, a sufficient understanding of the contextual realities of Delft South and its informal economy, as well as the research methods which I shall utilize. Accordingly, the fulfilment of the said tasks will culminate in the design of a pre-structured questionnaire to be distributed to informal enterprise operators for filling out. Data acquired from this questionnaire will be useful in allowing me to understand the opinions of the informal enterprise operators as to the factors impeding the growth of their businesses. This technique will also allow for a broader scope of data in a relatively short time period (Winkler, 2013b). Nevertheless, the difficulty with this technique is getting participants to fill out and return the questionnaires. This might require that I assist some of the participants (wherever



necessary) and explain to them certain questions which need further clarification. However, it will be important that I do this without influencing their responses. Also, I might have to spend more time on site so as to try and retrieve as many questionnaires as I possibly can.

### **Analysis of findings**

On completion of the foregoing data generation techniques, the data will be captured, categorized and coded in preparation for analysis. Excel spreadsheets will be used to manage any quantitative data necessary for illustrating key points. Interview data will be transcribed in detail. Roulston et al. (2003: 657) encourage detailed transcription, not merely as a means to capture the “truth” of events during the interview, but also to ensure that the transcript provides a thorough account of the oral record; in keeping with the theoretical assumptions framing the study. Similarly, Patton (1987) suggests the extensive use of direct quotations from case actors as a highly effective technique for reflecting their perspectives and agendas, which may sometimes be hidden. As such, direct quotations serve to increase our level of engagement with complex phenomena. It will thus be important to take this into account as regards the interview data gathered from Delft South. Given that interview data is generated through a socially constructed investigation of the research topic, it therefore lends itself to multiple meanings (Poland, 2002). It is thus hoped that the suggestion by Patton (1987) might serve as a source of clarification in this regard.

In analyzing the research findings, I shall refer to the assessment criteria established from a review of the relevant literature, as a guide. For Yin (2009b), the factuality of data can be further enhanced by involving research participants in the process of data analysis by way of requesting their feedback on recordings and transcripts of findings. Thus, any comments received from them might pave the way for further corroboration, sometimes also allowing for follow-up interviews. The author also fervently supports this approach in light of the overall paucity of written records of events in the African context (Yin, 2009b). As regards the findings of my research in Delft South, the said approach thus bodes well for ensuring both accuracy as well as tangible documentation.

- **Research method/s to be used**

### **Case study method**

In conducting research, the case study method will be employed. Duminy et al. (2014) hail the case study method as an effective tool with which to navigate through the intricacies of African urban spaces and processes. Thus, they resemble Yin (2009a), for whom the case study serves as a useful lens through which to view and understand complex social phenomena. Given the cultural, linguistic and religious heterogeneity of the human life-worlds which populate Delft South, as well as the inherent complexities of the community-orientated livelihood logics which motivate the area's small business owners, the case study method is arguably a suitable medium through which to engage with and understand this township's informal economy. Accordingly, it will also be a useful tool with which to express the uniqueness of Delft South's informal economy as a bounded series of events, and will ultimately facilitate the advancement of proposals and strategies to support it.

This is important in light of Flyvbjerg's (2006) displeasure about the prevailing tendencies to view the case study method as having limited potential for generalization. Instead, he holds that this misunderstanding undermines the method's usefulness in testing and generating propositions. Similarly, the research findings from Delft South's informal economy as generated through this method will likely relate back to the broader theoretical positions on the informal economy, in line with Yin's (2012) suggestion. However, there also remains the possibility for further generalizations from the findings and strategies proposed in Delft South to inform (to varying degrees) interventions in other contexts. Duminy et al. (2014) agree with this notion, given their emphasis of the potential to generalize from a given case study; provided that findings serve as a basis for action not necessarily limited to the case study only, but also effected both nationally and internationally.

For Yin (2009b), the case study method also lends itself to application in research addressing descriptive or explanatory questions. He agrees with Flyvbjerg (2011), for whom the closeness of a case study to real-life situations also affords a more nuanced view of reality. Yin's point is of significance as regards the question by which my research is framed. Furthermore, this method promises to offer a real-life understanding of the people and events on which the research aims to focus (Duminy et al., 2014). With Delft South as the case study, the said method will allow me to place myself within the context of the area's informal economy. Thus, I would be able to learn about its processes and conditions, while also understanding the viewpoints expressed by its workforce.

Flyvbjerg (2011) accepts the importance of context-dependent knowledge as a critical component of a researcher's development from a rule-based beginner to an expert. Moreover, he reminds us of the primacy of context-dependent knowledge in the study of human affairs. It is then this context-dependent knowledge which lies at the heart of expert activity. The case study method is especially well suited to produce this knowledge. Of importance is the advantage that this knowledge possesses over predictive theory. Similarly, Walton (1992) extols the case study method as one more likely to produce a better theory, given its strong links with theory development.

Accordingly, the case study method is important for learning about, not only the context under study, but also about the skills needed to produce good research. As Flyvbjerg (2011) reminds us, case study research has accounted for much of what we know about the empirical world. Unwise though it may be to discount rationalism, empirically grounded research has done much to obviate the danger of learning processes stultified by their distance from objects of study nevertheless (Watson, 2002b). The case study method thus facilitates empirically grounded research and thereby prevents the risk of veering into "academic blind alleys" (Flyvbjerg, 2011: 303).

Despite the effectiveness of the case study method in conducting research, Yin (2009b) nevertheless cautions us to the potential danger pertaining to the incorporation of the researcher's own substantive thoughts into the research. Similarly, (Flyvbjerg, 2011) concedes that this method maintains a degree of bias towards verification. Thus, the study could become doubtful as a result of its confirmation of the researcher's own preconceived ideas. On this point, it is worth acknowledging the potential dilution of my research in Delft South. This owes to my prejudiced theoretical standpoint as regards the area's informal economy as well as the forces governing it. Prior experiences of my being in the area have also led to personal interpretations of the local informal economic activities. In addition, my knowledge of Delft South has been acquired from the extant body of area studies in the literature. As such, mitigating the potential dilution of my research might necessitate the triangulation of evidence gathered from various sources. This will be useful for identifying common viewpoints or arguments among the sources, while also ensuring some level of accuracy of the data and interpretations presented (Patton, 1987; Stake, 2006). Accordingly, it will be done with the aim of drawing well-informed conclusions, as Yin (2009b) suggests. The foregoing limitation notwithstanding, it is nevertheless worth heeding the advice by Simons (2009), and aiming to strive for as honest and detailed an account of events and processes, as possible.



Nevertheless, Duminy et al. (2014) remain enamoured of the case study method as a research tool possessing immense potential to produce knowledge that may ultimately serve to critique widely held notions of how African cities function. As such, it promises to both build on existing as well as offer new theoretical insights into planning for African cities. In assessing the constraints to informal economic livelihood strategies, it is thus hoped that the incorporation of Delft South as a case study might in turn generate useful knowledge as to the processes necessary to support it. Moreover, it is hoped that insights gained from this undertaking might be of significance in the way of theory development on the subject.

### **Critical discourse analysis**

Jacobs (2006) accepts the importance of this method in generating insight within the study of urban policy. Also, the method presents the opportunity for researchers to examine the ways in which certain words in urban policy discourse are utilized by policy makers at a strategic level. Given the aim of my research, a critical discourse analysis will serve as both the method and tool by which to examine the recursive relationship between language and power exercised by policy makers as regards the informal economy. This exercise will consider the City of Cape Town Informal Trading Policy, the CTZS as well as the City of Cape Town Informal Trading By-laws. The residential nature of the case study implies the presence of home-based enterprises. As Watson (2011) reminds us, these ventures account for a significant portion of livelihood strategies by the working poor. Moreover, these ventures rely on housing policy, inasmuch as provision is made for the possibility of economic activity within the home unit. It will therefore be useful to examine the City of Cape Town Integrated Human Settlements Strategic Plan and the CTZS as they relate to prospects for home-based informal economic activities, as well as the Western Cape Province Western Cape Liquor Act No. 4 of 2008 as regards shebeens. The interpretive nature of the critical discourse method will thus provide the scope to foreground the critical role that language performs in the realms of politics and urban governance.

Its importance notwithstanding, Marston (2002) nevertheless counsels caution as to the inefficiency of the critical discourse method in adequately capturing the complexity of policy processes. In addition to this is the potential tendency by the researcher to select evidence confirming their arguments, while disregarding any contrary data. It will thus be important that I bear these limitations in mind throughout

the process and that I aim to address them wherever possible. Performing a critical discourse analysis will also require that I be explicit about the criteria for selecting discursive evidence and advancing a mode of analysis. Testing the validity of interpretations brought forth would necessitate exploring the degree to which those the policy makers themselves attest to the plausibility of their own arguments. Of importance will then be to demonstrate my understanding as to what constitutes discourse, while being careful not to generalize this definition. Ultimately, the need to undertake a critical discourse analysis will have to be clearly justified using clear and concise terminology, while also remaining explicit about its limitations, as suggested by Jacobs (2006).

- **Time allocated to each task / Proposed research plan**

<b>1 June – 14 June</b>	Draft Literature Review and Contextual Outline of Delft South, Design Methods
<b>30 June</b>	Submit final draft of Literature Review, Contextual Outline and first draft of Methods chapter and Survey Instruments
<b>1 July – 15 August</b>	Conduct fieldwork research
<b>18 August – 5 September</b>	Write up findings
<b>8 September – 26 September</b>	Recommendations
<b>29 September – 3 September</b>	Conclusion
<b>17 October</b>	Submission to a professional editor
<b>31 October</b>	<b>FINAL SUBMISSION</b>

## **5. Documentary and research material available**

- **Main theoretical texts and / or case material**

The main theoretical texts to be drawn upon in the research will include studies conducted by Chen (2012), Harrison et al. (1997, 2008), Kamete (2011), Watson (2002a, 2006, 2009a, 2009b, 2011) and Yiftachel (2009).

- **Research / professional reports**

Professional reports to be utilized will include Charman and Piper (2011, 2012), Charman et al. (2012a, 2012b, 2013), Carré and Heintz (2009), Carr et al. (2000), Dierwechter (2004, 2006), du Plessis et al (2011), Heintz and Posel (2008), Herrera et al (2011), Ligthelm (2005), Lindell (2010), Millstein and Jordhus-Lier (2012), Owusu (2007), Robbins (2008), Tipple (2005), Seekings (2010), Seekings et al (2010), Skinner (2006), Lund and Skinner (2004), Terblanche (1991), Turok (2001), Turok and Watson (2001), van Scheers (n.d) and Wilkinson (2000).

The research will draw from the foregoing literature, with a view to obtaining useful information on some of the activities and characteristics of Delft South; specifically focusing on those involving informal livelihood strategies. This will in turn establish a nuanced understanding of the significance of the township's informal economy as well as the spaces in which it unfolds. In addition, the literature will provide a useful lens through which to perceive some of the challenges presented by this economy to the discipline of spatial planning, and vice versa. From this literature I also hope to establish a basis frame of reference for gaining insight into the intricacies of township informal economies, as well as their complicated relationship with urban governance. As such, this will further necessitate engagement with national policies and legislations pertaining to the informal economy. Of importance here will be the City of Cape Town Informal Trading Policy, City of Cape Town Informal Trading By-laws, City of Cape Town Integrated Human Settlements Strategic Plan, CTZS and the Western Cape Liquor Act No. 4 of 2008.

- **Maps (subjects and scales)**

Acquisition of relevant maps (FIME project) pending.

## 7. Ethical considerations

Ensuring an ethical approach to my research will necessitate that I refrain from engaging with highly sensitive and confidential subject matter, and that I observe the rules set by the University of Cape Town as stipulated in the Ethics Consent Form. Moreover, I shall refrain from using the names of research participants in the final dissertation document; and all information obtained from interviews will be utilized solely for the purpose identifying current constraints to the secure livelihoods of informal business operators in the area, and guiding the identification of more appropriate state intervention. Accordingly, it behoves me to provide prior explanation of the purpose of my research to all participants, in requesting their consent to continue any further. In addition to emphasizing the voluntary basis of participation in interviews, it will also be necessary to get consent to record any interviews and to use the names of participants wherever necessary. In addition, I shall be candid at all times as to the participants' right of veto over any sections of data; thus reassuring them that they may indicate any sections they prefer omitted. I shall respect any information provided off the record, and shall be upfront at all times in documenting it. As such, participants will also have the freedom to express *their* opinions (if any) as to my conclusions. Importantly, making use of the spatially mapped data will necessitate that careful attention be paid to the university's ethics protocols, given the sensitive and confidential nature of the information contained therein. Nevertheless, it is worth mentioning my unwavering commitment, as a researcher, to stay true to documenting information as reflected by data and research findings; unconstrained by any bureaucratic protocols of either the state, or those of any other institution to be consulted during the research process (Simons, 2009).

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**ADDENDUM 1:**

Please append a copy of the research proposal here, as well as any interview schedules or questionnaires:



**Draft questionnaire for informal business operators**

**Researcher: Sibonelesihle Shabalala (sibo.shabalala@gmail.com), MCRP student (2014)**

Date, time, and place of the interview:

Name of respondent (unless the respondent wishes to remain anonymous):

**Observables:**

Race:

Gender:

Nature of business (products sold / services rendered):

State of and access to infrastructure:

Spatial location of business:

**1. Basic demographics**

- 1.1. How old are you?
- 1.2. What is your country of birth?
- 1.3. Where do you currently live?
- 1.4. What is the highest level of education that you have completed?
- 1.5. How many people are dependant on your income?
- 1.6. How many other income earners are there in your household?
- 1.7. How many people, including yourself, are working in this business?

**2. Business history**

- 2.1. When was your business established?
- 2.2. Where do you currently conduct your business?
- 2.3. Have you conducted business in any location other than the present one?
- 2.4. If yes, where?
- 2.5. What was your reason for relocating?

**3. Backward & forward linkages**

- 3.1. Who are your main suppliers?
- 3.2. Who are your main customers?



#### **4. Economics**

- 4.1. What is your turnover on a good week?
- 4.2. What is your turnover on a bad week?
- 4.3. What is your profit from this business (the money that you take home after paying all your business expenses) on an average week?

#### **5. Relationship with the State**

- 5.1. Which government officials do you have contact with?
- 5.2. How do you raise any concerns with city officials?
- 5.3. Are there any challenges in interacting with these officials?

#### **6. Primary questions**

- 6.1. What do you feel are your three biggest business-related constraints to a secure livelihood?
- 6.2. Has there been a time during which your business has performed particularly well?
- 6.3. Please state when and provide a sense of what was happening.
- 6.4. Has there been a time during which your business has performed poorly?
- 6.5. Please state when and provide a sense of what was happening.
- 6.6. How has your business generally performed within the last twelve months?
- 6.7. What do you feel are the three most important contributions that state can make towards promoting the profitability or growth of your business?



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UNIVERSITY OF CAPE TOWN

JULY 2014

**STATEMENT TO BE READ OUT TO AN INTERVIEWEE BY A STUDENT ABOUT TO UNDERTAKE AN INTERVIEW FOR THE PURPOSES OF A MASTERS DISSERTATION**

A copy of the form can be given to the respondent if they request it, so keep copies with you.

MY NAME IS SIBONELESIHLE SHABALALA AND I AM STUDYING CITY AND REGIONAL PLANNING AT THE UNIVERSITY OF CAPE TOWN.

I AM DOING RESEARCH ON CONSTRAINTS TO SECURE LIVELIHOODS IN THE INFORMAL SECTOR: THE CASE OF INFORMAL ENTERPRISES IN DELFT SOUTH, CAPE TOWN AS PART OF MY MASTERS DISSERTATION AND I WOULD LIKE TO ASK YOU SOME QUESTIONS TO HELP ME WITH MY RESEARCH.

I CAN PROMISE THAT I WILL NOT RECORD YOUR NAME OR ADDRESS, AND YOUR PERSONAL DETAILS WILL NOT IN ANY WAY BE REVEALED IN MY DISSERTATION OR ANY PUBLICATION I PRODUCE.

THE QUESTIONS I ASK ARE ONLY FOR RESEARCH AND THEY CANNOT DIRECTLY BENEFIT YOU OR YOUR COMMUNITY.

IF YOU WANT TO END THE INTERVIEW AT ANY POINT YOU ARE FREE TO DO SO.

MY SUPERVISOR IS CAROLINE SKINNER AND HER CONTACT DETAILS ARE:

TEL: +27 (0)21 650 2057

CELL: +27 (0)82 802 3123

Signature removed



**ADDENDUM 2:** To be completed if you answered YES to Question 2:

It is assumed that you have read the UCT Code for Research involving Human Subjects (available at <http://web.uct.ac.za/depts/educate/download/uctcodeforresearchinvolvinghumansubjects.pdf>) in order to be able to answer the questions in this addendum.

2.1 Does the research discriminate against participation by individuals, or differentiate between participants, on the grounds of gender, race or ethnic group, age range, religion, income, handicap, illness or any similar classification?	YES	NO
2.2 Does the research require the participation of socially or physically vulnerable people (children, aged, disabled, etc) or legally restricted groups?	YES	NO
2.3 Will you not be able to secure the informed consent of all participants in the research? (In the case of children, will you not be able to obtain the consent of their guardians or parents?)	YES	NO
2.4 Will any confidential data be collected or will identifiable records of individuals be kept?	YES	NO
2.5 In reporting on this research is there any possibility that you will not be able to keep the identities of the individuals involved anonymous?	YES	NO
2.6 Are there any foreseeable risks of physical, psychological or social harm to participants that might occur in the course of the research?	YES	NO
2.7 Does the research include making payments or giving gifts to any participants?	YES	NO

If you have answered YES to any of these questions, please describe below how you plan to address these issues:



**ADDENDUM 3:** To be completed if you answered YES to Question 3:

3.1 Is the community expected to make decisions for, during or based on the research?	YES	NO
3.2 At the end of the research will any economic or social process be terminated or left unsupported, or equipment or facilities used in the research be recovered from the participants or community?	YES	NO
3.3 Will any service be provided at a level below the generally accepted standards?	YES	NO

If you have answered YES to any of these questions, please describe below how you plan to address these issues:



**ADDENDUM 4:** To be completed if you answered YES to Question 4

4.1 Is there any existing or potential conflict of interest between a research sponsor, academic supervisor, other researchers or participants?	YES	NO
4.2 Will information that reveals the identity of participants be supplied to a research sponsor, other than with the permission of the individuals?	YES	NO
4.3 Does the proposed research potentially conflict with the research of any other individual or group within the University?	YES	NO

If you have answered YES to any of these questions, please describe below how you plan to address these issues:



